

NEWS SUMMARY

GENERAL

BUSINESS

NUJ strike 'obeyed by 80%

The National Union of Journalists (NUJ) has called an "overwhelming response" to the first nationwide provincial newspaper strike in its history.

The union said that 80 per cent of provincial journalists were on strike, although in Birmingham, Liverpool and Southampton, NUJ members defied the strike call.

The Association of Journalists voted 88-76 against obeying an instruction from the union's executive to stop work in sympathy with the provincial strikers.

Lord Thomson of Fleet, president of Times Newspapers at present visiting Britain, said he had no intention of intervening in the dispute, but he had agreed to the suspension of the Sunday Times and the three Times supplements. Back Page.

Gold up \$6; Equities put on 3.6

EQUITIES made a short upward spurt which took the FT ordinary index 4.4 to 490.7 at noon but the index then closed 2.6 up 489.9, making a recovery from mid-November of nearly 19 points.

GILTS were steady to firm and the Government Securities index closed 0.06 up at 68.72.

STERLING rose 70 points to \$1.9450 but its trade-weighted index, reflecting the pound's earlier tendency against other currencies, fell to 92.5 (92.5). The dollar's depreciation widened to 8.1 per cent (7.7).

GOLD rose sharply in London to close \$6 up at \$199.

Iran oil output hit again by strikes as riots spread

Iranian oil production was seriously hit by strikes today after a period of relative stability. At the same time, violence is mounting in Tehran and other cities with increasing reports of armed groups attacking soldiers who are struggling to contain the wave of demonstrations in the Iranian capital.

Oil production is thought to have fallen today by at least 1.3m barrels to 4.2m—it was as much as 5.9m two days ago. Strikers in the Kuzestan oil fields, which produce most of Iran's oil, returned to work at the end of last month claiming that most of their economic and some of their political demands had been met.

The National Union of Iranian Oil Industry Workers, an unrecognised body, said today that they were resuming their strike in response to the call by the Ayatollah Khomeini, the main opposition figure exiled in Paris, for resistance to the Shah.

But the National Iranian Oil Company denied earlier that the union existed and claimed that oil production and refining were still normal.

In the hope that production would be back to normal after the end of last month's 15-day strike, the company is believed to have retained for its own use 2.5m barrels a day. Even without today's resumption of the strike, this would have cut the amount of oil available for the Iranian Oil Consortium, the group of Western companies which purchases two-thirds of Iran's oil.

Outbreaks of shooting continued today in the heart of Tehran for the fourth successive day leaving an unknown number of casualties. Although the many demonstrations were generally a little less violent, there were signs that armed guerrilla groups are beginning to attack the army and police.

Between four and six soldiers were killed and their weapons stolen in an attack in North Tehran on Saturday night according to eyewitnesses.

In the early hours of this morning men armed with what the official radio said were Russian-made Kalashnikov sub-machine guns and homemade bombs attacked a police station in the heart of Tehran, on Shahrzadeh Avenue. The building was very badly damaged. Officially, one policeman was killed and two seriously injured but opposition reports say the casualty toll was higher.

Other opposition reports speak of attacks on army vehicles and the killing of soldiers during the curfew hours. These reports like many others in Tehran cannot be confirmed, but it does seem as if the long dormant armed guerrilla groups are showing their teeth.

Widespread trouble in the cities of Isfahan, 250 miles to the south of the capital, and Gorgan, a similar distance to the North-East, was acknowledged today by the official news agency, Pars.

The agency said three people were believed to have been killed in Isfahan during a demonstration after the curfew last night, but that the total number of deaths was not yet available. It said all shops, banks and the Isfahan bazaar were closed today.

As for Gorgan, where there appears to have almost been a civil war last week, Pars says the Prime Minister has sent an investigation team there to look into the incidents and hear complaints.

Belated accounts of the violence in other provincial towns over the weekend are only now reaching Tehran, suggesting that the capital's recent troubles have been repeated on a national scale.

Opposition reports say 10 people were killed in the Gulf port of Bushire and three in Mahabad, near the Iraqi/Turkish border, on Saturday.

Callaghan decision on EMS delayed

By Guy de Jonquieres and Peter Riddell

BRUSSELS, Dec. 4. MR. JAMES CALLAGHAN will not have to declare Britain's attitude to the proposed European Monetary System until almost the end of the two-day summit of EEC heads of Government tomorrow. Details of the scheme were still being negotiated in an unexpectedly lengthy session tonight.

Most of the first formal session this afternoon was taken up with discussion of the first part of a paper sent yesterday to the leaders by Chancellor Helmut Schmidt of West Germany.

This is in two parts. One outlines the scheme and the second proposes measures designed to strengthen the economies of less prosperous member-states.

The Heads of State decided to discuss the paper before declaring whether they would join.

It is reported that there was close questioning, notably by France, Italy and the UK about the details of the scheme. There is also believed to have been some disagreement between President Giscard d'Estaing of France and Chancellor Schmidt about the details of the intervention mechanism.

This evening, as the talks continued, there were suggestions of a compromise on the exchange-rate mechanism.

But it is not yet clear how far Herr Schmidt will be prepared to go on this. He apparently told his colleagues he had no authority to compromise on the interventionist scheme.

Participants believe that the scheme will be agreed tomorrow because, in the words of one, "Helmut has invested so much work in it."

The delay before Britain has to declare her hand clearly suits Mr. Callaghan, since he can attempt to bring concessions in the meantime. However, before the meeting started there were suggestions that some countries might be unwilling to concede as much as the Prime Minister wanted.

There seems to have been agreement on one point of particular concern to Britain if she does not decide to link sterling with the other EEC currencies.

The heads of government decided that those countries which did not initially form part of the exchange-rate mechanism could be involved in the consultation and the exchange of information about the operation of the system.

There was also discussion on what would happen if member-currencies dropped out, or were forced to drop out, of the system. Herr Schmidt is reported to have quoted a

Continued on Back Page

\$ pushes up price of raw materials

BY DAVID FREUD

INDUSTRY'S raw material costs rose sharply last month. However, much of the rise was due to the recovery of the dollar after President Carter's package to strengthen the U.S. currency and the underlying trend was in line with the modest rate of increase evident through most of this year.

At the same time the rate of increase in output prices charged by industry at the factory gate slowed. This reinforces evidence that some of the higher pay rises this year have been absorbed by companies at the expense of profit margins.

The wholesale price indices, published yesterday by the Department of Industry, tend to support Government hopes that the 12-month rate of retail price inflation should remain at the present level of about 5 per cent well into next year.

The index for output prices rose 0.3 per cent in November, about half the increase in most months this year. But the index for the cost of industry's raw materials rose by 1 per cent, the biggest increase since March and double the rate of recent months.

The Department of Industry estimates that half the increase was due to the one-and-for-all effect of the dollar's recovery early last month.

Over the past three months the raw materials index has risen 2.1 per cent to 147.2 (1975=100). The index gained 0.3 per cent in the past six months and 3.7 per cent since the same time last year.

The biggest increase in November was for materials purchased by manufacturing industry other than food, drink and tobacco. This index rose by 1.5 per cent. Higher sterling prices for crude oil, after the dollar's recovery, made the most significant contribution. With crude oil excluded, the index rose by 0.75 per cent. There were also higher prices for hides and skins and mohair.

Higher prices for home-produced materials, especially the home-landed fish, were mainly responsible for a 0.6 per cent increase in the index for materials bought by food manufacturers. The index for coal, gas and electricity was unchanged.

The output price index for manufactured products went up by 1.5 per cent over the last three months to 157.1 (1975=100). This brought the rise for the last half year to 3.4 per cent with the 12-month figure at 7.3 per cent.

The index for manufactured products other than food, drink and tobacco was 0.4 per cent higher in November as a result of small price increases spread across most sectors. This index has risen 2 per cent in the latest three months.

There was little change in November in the index for the output of the food manufacturing industries. This index rose 0.7 per cent in the latest three months.

France and China sign £7bn trade agreement

BY ROBERT MAUTHNER

PARIS, Dec. 4.

FRANCE and China signed a long-term economic co-operation agreement in Peking today which foresees a stepping-up of bilateral trade to £7.5bn (about £7bn) over a seven-year period up to the end of 1985.

This is about eight times the present volume of trade between the two countries.

The French have also won a contract valued at about £1.2bn for the sale to China of two 900 MW pressurised water nuclear reactors, manufactured by Framatome, the Creusot-Loire nuclear subsidiary, under U.S. Westinghouse licence.

Though the nuclear contract does not figure, according to reports from Peking, in the texts signed by Li Chang and Mr. Jean Francois Deniau, the Chinese and French Trade Ministers, it was confirmed in a conversation with journalists by Ten Hsiangping, the Chinese Deputy Premier.

The reactors will be subject, however, to the restrictions which the U.S. imposes on the export of strategic equipment to Communist countries.

The economic agreement itself, which the French claim is the first of its kind between China and a Western country, is couched in general terms and does not more than enumerate the sectors in which China and France hope to develop co-operation—such as the oil, aircraft, electronics, steel, transport and hotel industries.

In a separate document though, the Chinese Trade Minister expresses his Government's intention to give France preference for 11 specific projects, on condition that French prices and technical know-how are internationally competitive.

One of the most important projects on the list is the transportation and extension of a large steel complex with an annual capacity of 10m tonnes, according to French reports from Peking.

Other items on the list include the sale of a plant for the construction of hydro-electric power stations, the sale of two 600 MW thermal power stations, of a magnesium plant and machinery for the manufacture of special steels, tubes, and rolled products.

Mention is also made in Mr. Li Chang's document of an ambitious project for the construction of an integrated aluminium plant, requiring investments totalling about £1.5bn.

But a senior representative of the French aluminium company, Pechiney-Ugine-Kuhlmann, said in Peking that this was a long-term project which was still under discussion.

Preliminary agreements on some of these projects, including probably the steel complex and the hydro-electric power-station factory, are due to be signed within the next few days by representatives of Chinese state corporations and the French companies concerned.

Exact details of the export credit arrangements, which are contained in another supplement to the main agreement, have not been revealed officially and are the subject of conflicting reports.

French officials in Peking would go no further than to say that "normal" credits had been granted for the export of large plant, and a credit ceiling had been fixed.

According to other reports, Continued on Back Page

World Trade News, Page 6

Norway fish move

OSLO, Dec. 4.

NORWAY will increase its subsidies and loans to the fishing industry, hit by diminishing catches, under a Government proposal published today.

It said that in 1979 subsidies and loans would amount to 640m crowns (\$123m) compared with 500m crowns (\$98m) annually in the past few years.

The Government proposal was sharply criticised by the fishermen's union. Chairman J. J. Toft said that the fishing industry needed at least 1,000 crowns Reiter.

£ in New York

	Dec. 4	Previous
1 month	1.6100/01	1.6100/01
3 months	1.6100/01	1.6100/01
6 months	1.6100/01	1.6100/01

Warning by Ford chief on future

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE FUTURE position of Ford in the UK might well be jeopardised by the Government's sanctions decision, on top of a week-end strike, Sir Terence Beckett, the company's chairman, hinted yesterday.

"For the first time for a very long time, my company is unable to make calculations to decide its future in this country," he said in London, when he received the Hambro award of Businessman of the Year (for which he was chosen in October).

He has also issued a similar warning to Ford employees. "To impose sanctions on top of a damaging strike will obviously affect the appraisal we will now have to make of our future resources, our investment and job plans in this country," he writes in the latest edition of Ford News, the company newspaper, which was sent out at the same time.

Ford is a major investor in this country and earlier this year announced it would be spending more than £5bn here over the next four years.

It is believed that about one quarter of this sum has already been spent or committed for next year, including the new engine plant at Bridgend, South Wales, and associated investment projects at Halewood, Merseyside. These projects have received substantial Government aid, in addition to the normal development grants.

Future Government aid may well be refused to Ford on the grounds that it has broken the pay guidelines. But it is understood by Ford that the Bridgend and associated projects will not be affected by this possible move.

Nationalised industries are being invited to follow the Government's decision in not placing further orders with Ford. Mr. Joel Barnett, Chief Secretary to the Treasury, said in the Commons last night.

Home for good

The 50,000-ton aircraft carrier Ark Royal ended her 23 years of sea-going at Devonport with her future uncertain. Although she is ready to be broken up, battle interest could still buy her.

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Peace audience

Northern Ireland peace movement founders Betty Williams and Mairead Corrigan had a half-hour audience with Pope John Paul II who told them he would be looking for ways to bring peace to the province.

Briefly

Body of 15-year-old Karen Nunn of Newhaven, Sussex, who had been missing since Saturday, was found on a beach at Peacehaven. Foul play is not suspected.

Nearly 14,000 U.S. troops will fly to West Germany for manoeuvres next month designed to show how rapidly NATO forces can be reinforced.

Mr. Albert Hill, joint deputy chairman of Taylor Woodrow, has died aged 74.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES		FALLS	
BPF Inds.	280 + 10	Pilkington	310 + 8
British Benzol	23 + 3	Sainsbury (J.)	240 + 3
Brownlee	70 + 4	Sealed Horn	44 + 3
Burns A	172 + 4	Stenhouse	105 + 6
Chubb	136 + 10	Thorn Elect.	363 + 7
Early (C.) Marriot	31 + 5	Vinten	151 + 6
Erith	106 + 4	Wilson Walton	41 + 3
GBC	152 + 5	Anglo-Amer. Corp.	202 + 4
Highland Distilleries	376 + 8	Com. Gold Fields	130 + 10
ICI	77 + 5	Hampson Areas	182 + 4
Ladbroke	175 + 5	Saint Piran	84 + 4
Ldn. Prov. Shop	138 + 8	Tanganika Con.	170 + 4
Lofters	61 + 4	Hall (M.)	215 + 10
MK Electric	225 + 5	Swan Hunter	133 + 6
Marshall's (Hull/As)	138 + 7	Vickers	106 + 4
Peterson Zochonis	190 + 7	Whim Creek	90 + 30

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PROTECTS

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EUROPEAN NEWS

EAST GERMANY'S POPULATION

State aid helps birthrate

BY LESLIE COLITT IN BERLIN

EAST GERMANY is expected to record this year its first increase in population for the past decade. The rise, albeit slight, is seen by the German Democratic Republic as evidence of the peoples' "confidence in the future." It will contrast with the steady decline in population from 17,084,000 in 1968 to 16,765,000 last year.

The reversal of East Germany's population shrinkage has happened while West Germany's birth rate is down to 9.5 births per thousand native West Germans last year, compared with East Germany's 13.5 births. But at the same time West Germany had a death rate of 11.5 per thousand inhabitants while East Germany's death rate was 13.4.

Prof. Kurt Lungwitz, head of the demographic department of the school of economics in East Berlin, notes that since 1975 there has been a "very high" 22.7 per cent increase in the East German birth rate at a "time when there has been a considerable fall in births in many capitalist countries." Prof. Lungwitz says East Germany's "good economic, social and population policies are bearing fruit, policies which are only possible under socialism."

There is more than a grain of truth in these remarks. A recent study by the German Institute for Economic Research in West Berlin shows that the especially heavy fall in the East German birth rate in 1972 and 1973, after abortion on demand was legalised, jolted the East German leadership into introducing a series of direct and indirect measures to stimulate the birth rate.

The Government has also enacted measures supporting young couples with children as well as large families. DM 20 Luxembourg and Austria which is paid each month for the first and second child and DM 50 for the third. A minimum of

DM 30 a month is made available to low-income families with children from 15 to 19 years of age, and 90 per cent of East German students get a stipend of DM 80 to DM 190 a month depending on their parents' income.

One of the most important incentives for having children is the interest-free DM 5,000 (£1,250) credit made available for an apartment or the purchase of a home. Another DM 5,000 is offered interest free for furnishing an apartment; DM 1,000 can be written off from that sum to be repaid at the birth of the first child, DM 1,500 for the second child and DM 2,500 for the third.

The West Berlin Economics Institute notes that the increase in East Germany's birthrate is almost entirely because parents are having larger families, not because there are more couples. It is not coincidence that East Germany's incentives were in fact especially aimed at the second and third child. The German Institute cautions, however, that it is still too early to say whether the increase in the East German birthrate will become a permanent feature.

The "baby boom" as the East German media are calling it, has lifted East Germany from having one of the lowest birth rates in Europe to a position in the middle of the scale. Both East and West Germany were young as large families apart from well as large families. DM 20 Luxembourg and Austria which is paid each month for the first and second child and DM 50 for the third. A minimum of

inhabitants in 1968 to 9.5 last year has become a cause of such concern that it occupied a recent meeting of the West German Cabinet. Chancellor Helmut Schmidt and his ministers dealt with a 60-page analysis of the development of West Germany's population which contained some

higher than that of native Germans. What particularly concerned the Cabinet was the impact of a decreasing and ageing population would have on the elaborate West German pension system. The Government spokesman, Herr Klaus Bolling, said that the social security of West Germans was not threatened in the future adding that projections of population development into the next century are extremely hazardous. The Government, he noted, was not being panicked by reports about West Germans becoming a "dying people." Herr Bolling said the Government wants to improve its support for families and create a better environment for children.

The Opposition Christian Democrats also speak of the need for greatly increased financial payments to young couples with children and tax reductions. Neither of the West German parties is saying so, but there is little doubt that an expanding East German population and a shrinking West German one is not a situation West Germany would regard for long with equanimity.

Peking banker rehabilitated

PEKING, Dec. 4.

ANOTHER PROMINENT victim of China's cultural revolution, a senior banker at the time, was rehabilitated today as a wall poster in Peking asked why former head of state Liu Shao-Chi could not receive the same honour.

Possibly as a result of a top-level Communist Party meeting now under way, the late banker Nan Han-Chen, was rehabilitated with a tribute published in the People's Daily, the party newspaper. Nan was the third man restored to honour since the week-end. The others are Po I-Po, a former alternate member of

the Politburo and vice-chairman of the State Planning Commission, and Yang Chang-Kun, 75, once a secretary of the party's central committee secretariat.

Unconfirmed reports say that 61 people have been rehabilitated at the present meeting, a working conference in preparation for a central committee session later this year.

But they did not include Liu, the head of state disgraced during the cultural revolution, because his case required more detailed examination.

Greeks, Turks swap prisoners

By Our Own Correspondent

ATHENS, Dec. 4.

GREECE AND Turkey have made a move towards rapprochement after exchanging prisoners arrested last month for allegedly violating each other's territory.

Greek authorities at the weekend handed over six Turkish sailors arrested on November 16 when their fishing boat put in at the North Aegean island of Mytilene, which they claimed to have mistaken for a Turkish port. The Turks, who had been sentenced to 15 months imprisonment each, were pardoned by the President of the Republic and handed over to a Turkish mission in Mytilene together with their boat.

Turkish authorities have also returned three Greek farmers who were arrested on November 15 by Turkish gendarmes in an enclave on the east side of the Evros River, the natural boundary between the two countries in Thrace. The Greek government had protested against their arrest, claiming the enclave was part of Greece's territory.

The three farmers had been sentenced to one month's imprisonment each but their sentences were suspended. They were handed over on the bridge which spans the Evros.

The exchange follows an agreement between the Greek and Turkish Foreign Ministers who met in Strasbourg late last month in the framework of a Council of Europe ministerial meeting. Greek officials here said the exchange was part of an effort to ease tensions between the two countries.

Pope John Paul II called for a just settlement of the Cyprus issue "as soon as possible" in an address yesterday to Mr. Vefdi Tuerel, the new Turkish ambassador in the Holy See. AP reports from the Vatican City.

Androsch may quit after dispute with Kreisky

BY PAUL LENDVAY

VIENNA, Dec. 4.

A DISPUTE between Dr. Hannes Androsch, the Austrian vice-Chancellor and Finance Minister, and Chancellor Dr. Bruno Kreisky has created an open crisis in the ruling Socialist party's leadership.

A resignation of Dr. Androsch, who also holds a majority interest in a large firm of chartered accountants, may force the Chancellor to carry out a cabinet reshuffle earlier than expected.

In an interview during the weekend, the Finance Minister said that he was "put off" by the Chancellor's silence in face of what he described as a "slander campaign" by the Opposition. He also claimed that he had informed the Chancellor when the government was formed eight years ago, that he had not only a majority interest in the firm, which chartered accountant firm-called according to news reports has multiplied its turnover since Dr. Androsch became Finance Minister in April 1970.

Dr. Androsch ranked for many years as a favourite of Dr. Kreisky, who engineered the promotion of the 40-year-old chartered accountant to one of his deputies in the party. But the Finance Minister has been slipping in the opinion polls lately, and many newspapers have reproached him for his alleged flashy lifestyle. During the past few months popular papers have also reported that Dr. Androsch this week, The projected new regulations

would also bring in tighter rules for MPs. There is a plan to demand some kind of declaration about the private wealth and possible conflicts of interest of Cabinet Members and MPs.

Meanwhile, a public opinion poll just published reveals that 84 per cent of those asked were against a resignation of Dr. Kreisky as Chancellor in connection with the recent referendum on nuclear power. A total of 88 per cent of the Socialists, and as many as 36 per cent of the Conservatives were against his resignation.

Dr. Androsch came under public attack last summer when it was revealed that his firm had a staff of 45 and a reported turnover of Sch17m (£800,000). He and his wife have a 75 per cent interest in the firm, which was founded in 1964.

What is claimed to be the world's longest road tunnel—the Arlberg tunnel, was opened during the weekend in Austria. The almost nine-mile-long tunnel connects not only the provinces of Tyrol and Vorarlberg but also East and West Austria and is bound to have a direct impact on European tourism.

The tunnel, which can be used by 1,800 cars per hour, was built in four-and-a-half years, with the costs totalling Sch4.8bn. The 1,800-metre high Arlberg Pass used to be closed for up to one month during the winter season. One-way road toll will be Sch120, and at a later date capacity could be doubled.

Five-day Pinto blueprint debate

BY OUR OWN CORRESPONDENT

LISBON, Dec. 4.

THE PORTUGUESE Parliament today began a five-day debate on the Government programme at State-controlled enterprises drawn up by Sr. Carlos Mota Pinto, the Prime Minister, and receiving State grants, to see that his 15-man non-elected Cabinet, the 150-page programme could be called Portugal's passport to the Common Market. Considerably shorter than the documents EEC, and private investment in this sector will be encouraged.

At the same time, the by the Communist Party, which is constitutionally entrenched, will be given a run for its money by a para-banking sector in which foreign interests already are allowed to operate on a controlled basis. In the heavily politicised agricultural field, the Government intends to press on with its controversial policies of redistributing land in the collect-

vised Alentejo wheat belt, and today began a five-day debate on It will take a searching look with new expropriations and agricultural extension work.

While the main political parties are not formally represented in the new Government, they have been consulted fully in the choice of the Prime Minister, and the Cabinet is expected to survive a rejection motion already tabled by the Communist Party.

The fate of Sr. Mota Pinto lies in the hands of former Prime Minister Mario Soares' Socialists, whose 100 votes in the 263-seat Assembly will determine whether Sr. Pinto stands or falls. At the moment, the betting is on his passing with Socialists abstaining, Communists against, and Social Democrats and Centre Democrats imposed by the International

ber of refugees in Malaysian camps to more than 46,000. Malaysian officials said they believe Vietnam is allowing the refugees to leave freely although officials at the Vietnamese embassy here deny this.

Boats arriving over the past two or three months have been carrying as many as 90 per cent ethnic Chinese. Diplomats say Vietnam wants to be rid of its Chinese population.

Reports from Narathiwat province quoted police there as saying that the bodies of at least 18 Vietnamese have been recovered from the Gulf of Thailand off the Narathiwat coast, after their boat sank in the South China Sea on Sunday.

More than 300 swam ashore safely. Near Mearchang, eight people drowned when a refugee boat coming to land exploded. Villagers helped rescue others.

As many as 95 people were feared dead after a boat sank near Pantar Ru, 195 miles north-east of here on Saturday. There were 181 survivors and 44 bodies recovered have been buried. The authorities also reported more Vietnamese refugee landings in Malaysia on Sunday, the biggest being that of a boat with 180 which reached Kuala Trengganu, AP

Mr Robert Okuley, the U.S. Deputy Assistant Secretary of State, is scheduled to arrive here on Wednesday en route to the Geneva conference on a tour of Hong Kong, Thailand and Malaysia to discuss the Vietnamese refugee problem, officials said.

Meanwhile, as the flow of refugees into north-eastern Malaysia and adjoining south-eastern Thailand continued, 26 Vietnamese were reported killed on Sunday when two boats capsized off Thailand's Narathiwat province and off Mearchang, 195 miles north-east of here. Every day of last month about 500 Vietnamese arrived daily, pushing the num-

ber of refugees in Malaysian camps to more than 46,000. Malaysian officials said they believe Vietnam is allowing the refugees to leave freely although officials at the Vietnamese embassy here deny this.

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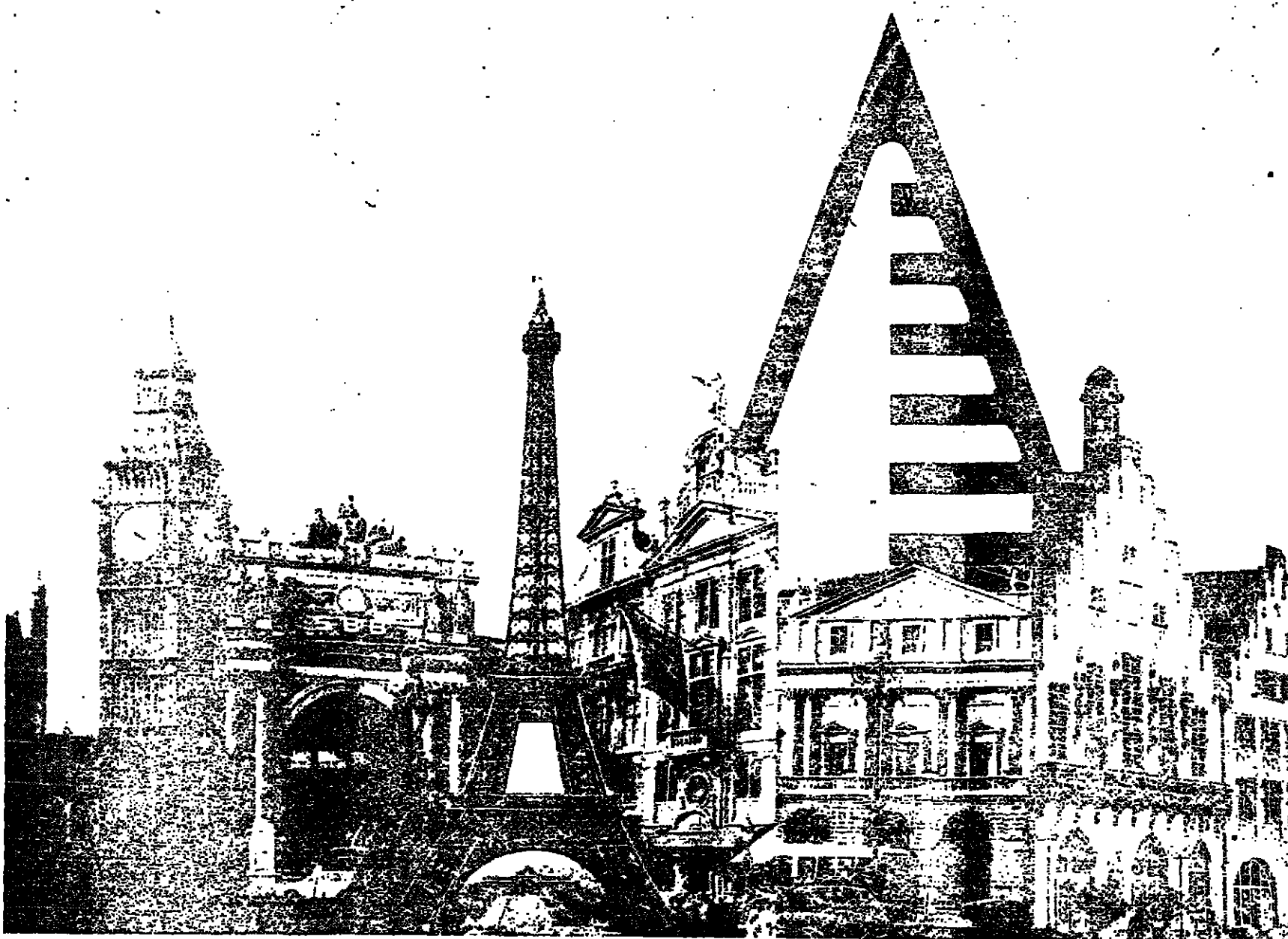
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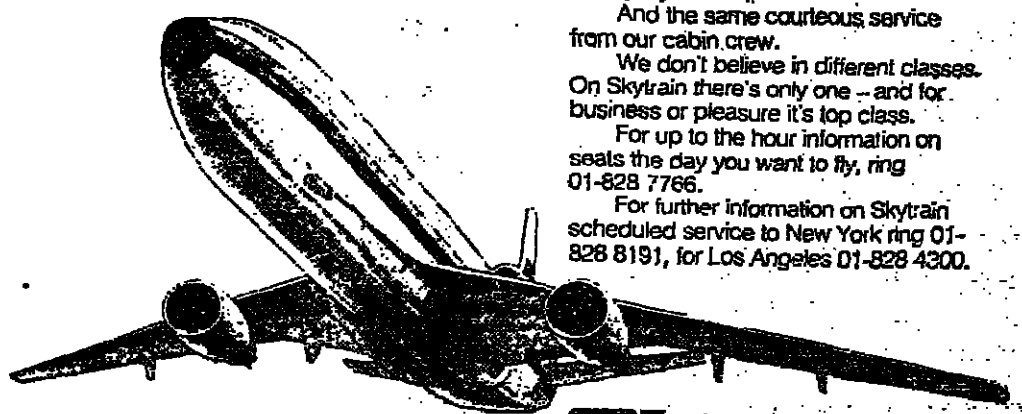
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EUROPEAN AFFAIRS

Italian governing formula in jeopardy

By Robert Corbett

ROME, Dec. 4. THE COMMUNIST Party's policy making central committee began an important three-day meeting here this afternoon, amid increasing open talk on all sides that the demise of the Christian Democrat minority Government is merely a matter of time.

The main items on the agenda will be the Communist attitude towards the EEC parliament and direct elections to it, and the documents that will go forward to the party's national congress next spring. The proceedings cannot fail, however, to become entangled with the complicated manoeuvring among the various parties who are dissatisfied with the existing governing formula, under which they give Signor Andreotti's administration vital support in Parliament.

The issue which has brought relations between the Christian Democrats and the Communists to their worst point since the present arrangements began almost nine months ago, is the reform of the ancient "Mezzadria" system of share-farming. Last week in protest at what they see as backsliding by the Christian Democrats, both Communists and Socialists walked out of the all-party talks supposed to find a compromise, insisting that agreements previously ratified by the Senate must be respected in the National Assembly.

On paper, the farm reform is of relatively minor importance. The "Mezzadria" system is estimated to affect fewer than 400,000 Italians and barely 5 per cent of agricultural land, and every sign is that it is fading out of its own accord.

But with Christian Democrats and Communists facing elections next year, at which their uneasy alliance is certain to be the main underlying disagreement, the issue has become a convenient, and possibly fatal, symbol of their strictly separate identities.

In his opening address to the Communist central committee to-night, Sign. Giorgio Amendola sharply attacked the Christian Democrats for failing to draw sufficient advantage out of the Common Market, and re-emphasised that Communist backing for the proposed European monetary system would be forthcoming only if there were a genuine transfer of resources.

The Senate, meanwhile, has just ratified the draft law for the elections in Italy to the European Parliament. They will be held on June 10 next year, and the country will be divided into five regional constituencies for the election of 81 Italian MEPs by proportional representation.

Dutch Nazi war crimes suspect freed

By Charles Satchelor

A SPECIAL court today ordered the 70-year old millionaire Mr. Pieter Menten to be freed from prison where he has been held on war crime charges. In a surprise judgement the court said it accepted Mr. Menten's claim that the Justice Minister told him in 1952 that no further charges would be pressed against him.

Mr. Menten, who has spent almost two years in the prison hospital in Scheveningen suffering from diabetes, was freed today, his lawyer said. The public prosecutor immediately announced he will appeal to the supreme court.

The special court in the Hague said in its judgement that it accepted that Mr. Menten was told by Mr. L. A. Denker, who was Justice Minister during the early 1950s, that no further action would be taken against him although it was unclear precisely how this had happened. The Justice Ministry has been unable to find any evidence in its archives of this pardon.

Although the Justice Ministry had drawn up complete and formal charges against Mr. Menten, supported by proof and witnesses, it did nothing until two years ago to press these charges, under pressure from Dutch and Israeli journalists. This, and the fact that the delay in charging Mr. Menten was much longer than was acceptable under the human rights convention, were reasons enough to free Mr. Menten, the court said.

The court ordered the Justice authorities to return Mr. Menten's possessions, which were confiscated on his arrest. He has a valuable collection of paintings and antiques, in August 1977 his thatched villa in Blaricum near Amsterdam was destroyed by fire started by a former prison camp inmate.

AMSTERDAM, Dec. 4. In May the Dutch Supreme Court quashed a 15-year sentence imposed on Mr. Menten for his alleged part in the mass execution of Jews in Poland in 1941. The Supreme Court called for an investigation into Mr. Menten's claim that he had been given freedom from prosecution in 1952. The lower court had rejected this argument.

He was originally sentenced for his alleged part in the killings in the Polish village of Podhorze. ● Right: Pieter Menten the Dutch millionaire and (far right) a 1941 picture said to be of the same man.



NATO pledge to spend more to improve defences

By Reginald Dale, European Editor

EUROPEAN NATO countries today reaffirmed their commitment to strengthen Western defences from the conclusion of a SALT 2 agreement. The general view in Brussels is that SALT 2 is likely to have been concluded before next spring's meeting of the alliance's Ministerial Council.

So far, the European countries are still divided over both the contents of any SALT 2 negotiations and the forum in which they should be conducted. There is no common view on what should be the alliance's response to the growing strength of Soviet nuclear weapons systems like the SS-20 missile and the Backfire bomber, which are targeted on Western Europe rather than the U.S. The European Defence Ministers also today expressed concern that the military balance on the alliance's northern flank appeared to be shifting in favour of the Warsaw Pact. They announced a long list of measures to strengthen Europe's forces, including an improvement of Norway's coastal defences, and the deployment of major new equipment on land, sea and air.

For the UK, Mr. Fred Mulley, the Defence Minister, once again reminded his partners of the need for European collaboration on arms procurement. Britain is pressing France and West Germany to reach early agreement on specifications for a new jointly-produced tactical combat aircraft to replace the Jaguar and the Harrier around 1990.

Britain is stressing the need for urgency, as the government wants to take a decision on the latest in the British view if European countries do not grasp the opportunity for a major joint project, they may irrevocably lose the capability of building military aircraft. Later in the week, Dr. Joseph Luns, the NATO secretary-general, is to appeal for further aid for Portugal and Turkey, and possibly also Greece, to help shore up their new democratic regimes. He is not expected to put a figure on the aid required, but simply to urge the other governments to do their best, whether individually or through international organisations, like the IMF and the OECD.

BRUSSELS, Dec. 4. WEST GERMAN steelworkers today met employers for the first time since the start of a week-old strike to try to settle a dispute over the introduction of shorter working hours. Both sides agreed to talks without preconditions, reports Reuters.

Some 30,000 steelworkers in North Rhine-Westphalia, Bremen and Osnabrück are idle because of the dispute. About half were called out by the IG-Metall union last Tuesday to back a 5 per cent pay claim and demands for gradual introduction of a 35-hour week. The others have been locked out by employers since last Friday.

W. German steel peace bid

By Guy de Jonquieres

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Worsening economy puts democracy at risk, warns Turkey

By David Satter

MOSCOW, Dec. 4. A founding member of the Armenian Helsinki agreement monitoring group, was sentenced to five years' imprisonment and two years' exile after being convicted of anti-Soviet agitation. His conviction followed a trial in which the prosecution apparently all but failed to find witnesses to five years' imprisonment and two years' exile after being convicted of anti-Soviet agitation.

Armenian sources said that 50 witnesses had been scheduled to testify at the trial, held in Yerevan, the Armenian Republic capital. But testimony was halted by the prosecutor after 12 of the first 13 witnesses spoke out in defence of Mr. Nazaryan. Mr. Nazaryan is the second member of the small Armenian Helsinki group to stand trial. Mr. Shagin Avutunyan was arrested last December and allegedly severely beaten by KGB and militia men. He was charged with malicious hoaxing and sentenced to three years' imprisonment. A third member of the Armenian Helsinki group, Edward Avutunyan, a scientist, was out in a mental hospital.

AP adds from Amsterdam: A prominent Soviet conductor has defected to the West, refusing to leave Holland on the grounds that Soviet authorities were stilling his artistic freedom. Mr. Kirill Kondrachine, 61, former artistic director of Moscow's Bolshoi Theatre and once conductor of the Soviet Union's symphony orchestra, ducked into hiding at a secret address with his wife Nina and asked police for permission to stay in Holland. He had just completed a two-week engagement in Holland, conducting the Amsterdam Concertgebouw (concert building) symphony orchestra in a series of six concerts.

Army alert for Spain's referendum

ARMY AND police units went into the second phase of a special election alert today as the campaign for and against a new Spanish constitution drew to a close.

Officials and most opinion polls predict overwhelming approval of the constitution in a national referendum on Wednesday. Despite fears of fresh violence, political parties held more than 2,000 meetings over the weekend arguing the merits of the new fundamental laws.

With more than 2,500 extra police on duty in the Basque region and army units guarding public buildings throughout the nation, no major disorders were reported. The armed forces alert has cancelled leave for police and military men. Meanwhile, extreme right-wing and left-wing groups have plastered city walls with posters urging a "No" vote or abstention.

MADRID, Dec. 4.

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The HP 250

This advanced system can handle up to 16 users from its compact console, which features an innovative display. Eight special keys on the right side of the screen can be programmed to lead you step-by-step through each task. Again, data base management is a vital ingredient in organising your information. And an efficient operating system lets you access data at remote terminals at the same time the computer is sorting and processing other jobs. The starting price is £24,000.*

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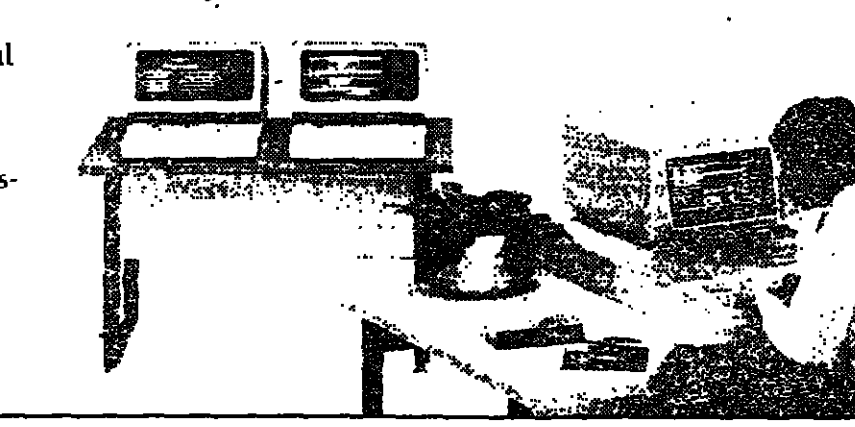
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AMERICAN NEWS

NY insurance exchange will follow Lloyd's model

BY DAVID LASCELLES

NEW YORK'S proposed insurance exchange, while closely modelled on London, will differ in key respects, including who can be members, and how far they will be held liable for the risks they write. But its sponsors hope it will attract some of Lloyd's business when it opens next year.

The exchange's shape emerges in a draft constitution which is being circulated here in readiness for public hearings beginning on December 15. According to Mr. Albert Lewis, the New York Superintendent of Insurance, the exchange is being set up in direct challenge to Lloyd's of London, which many insurers here believe gets an unfair share of world insurance business.

Lloyd's can use a bit of competition, Mr. Lewis says. He is a former state Senator from Brooklyn and was chairman of the drafting committee for the new exchange.

If the constitution is approved, and Mr. Lewis does not expect many changes, the exchange will be headed by a board of governors, and have four types of member: underwriters, brokers, associate brokers (who will be able to transact business on the exchange through a broker member), and subscribers, a limited form of membership similar to Lloyd's.

The exchange will be able to underwrite reinsurance of all types of insurance permitted by

New York state law (which excludes reinsurance of strike and legal expense insurance), direct insurance of all foreign risks, and all hard-to-place risks which have been turned down by the rest of the insurance community.

With syndicates of underwriters working on a trading floor, the exchange, broadly, will be similar to Lloyd's. This is intentional since its creators say Lloyd's syndicate system cannot be bettered. But there are key differences.

The main one is liability. All underwriters must put up \$9.5m (\$19.5m if they do not want to write life insurance). Of this \$500,000 will immediately go into a scaled security fund and the underwriter can invest the rest with the Board of approval. Each underwriter can be called upon to contribute a further \$500,000 to the security fund, if need be.

Up to 5 per cent on each premium, depending on the type of risk, will be paid into the security fund, giving it a regular source of income. This fund—the ultimate guarantee for people insuring with the exchange—will be there to meet the obligations of members who fail or who exhaust the capital which they have paid to the exchange.

This is quite different from Lloyd's which, while also having a rescue fund, holds members liable for every penny they own. New York's motive was to make

the exchange as attractive as possible to investors. The exchange will also differ from Lloyd's in that members can be corporate entities as well as individuals, an approach more in line with the U.S. view of insurance. Similarly, policies will be issued in the name of the exchange rather than individual members.

An unusual requirement that Board members be U.S. citizens is expected to upset foreigners. Mr. Lewis said the committee had disagreed over this clause and it might be dropped. The idea, he said, was to be able to extradite any director who tried to escape his fiduciary responsibilities abroad.

In an obvious stab at Lloyd's, the constitution contains a section on reciprocity which says that where members access to a foreign organisation is restricted, members of that organisation will be similarly restricted in New York. Lloyd's caused much ill-feeling here earlier this year by curbing U.S. brokers' scope for investment in Lloyd's brokers.

Mr. Lewis said that he hopes to submit the constitution for approval by the state legislature in January, and unless there are objections it will pass on February 15. The exchange will then come into existence on April 1, though it will not open for business for some months after that. U.S. insurance brokers moving abroad, Page 24

Party caucuses begin meetings

BY JUREK MARTIN, U.S. EDITOR

MR. JOHN ANDERSON, a moderate Congressman from Illinois, was today re-elected to the number three spot in the Republican hierarchy in the new House of Representatives.

This was the first real action by either the party caucuses, which began a series of meetings here today to assign leadership and committee positions in the new Congress, which takes office next month.

Mr. Anderson's hierarchical role was thought to be the only one seriously in question. Earlier this year he had been sharply challenged in the primary elections by the "new right" wing of the Republican Party, and was today confronted by either the party caucuses, which began a series of meetings here today to assign leadership and committee positions in the new Congress, which takes office next month.

Mr. Anderson, who is sometimes mentioned as a possible presidential candidate in 1980, was re-elected by 57 votes to 55.

Senator Long again backs VAT

BY OUR OWN CORRESPONDENT

SENATOR Russell Long, the powerful chairman of the Senate Finance Committee, has resuscitated the idea of a value added tax for the United States.

In a speech in his home state of Louisiana over the weekend, Mr. Long claimed that use of VAT would make it possible to eliminate the current social security payroll system of taxation and make a sharp cut in income tax.

This is not the first time the Senator has spoken favourably of VAT in recent years. His comments are given added point these days because of the widespread unease both about the funding of the social security system through employer and employee contributions and the

latest sharp increase in social security levies. These are due to increase further in January and are being cited as substantial factors behind both the rise in inflation and the decline in American productivity.

However, Mr. Long, who is nothing if not a realist, is known in fact that such a reform could not be enacted without the wholehearted support of the administration.

Yesterday, Mr. Charles Schultze, chairman of the President's Council of Economic Advisers, made it clear that such backing would not be forthcoming in the current inflationary environment.

As part of its policies to control the rise in the cost of

living, the administration had toyed with the idea of recommending that the scheduled increases in social security taxes due to take effect in January should be wholly or partly rolled back. But it appears to have discarded this option, claiming instead that the tax cut to be applied next year will neutralise the additional burden on the economy. Mr. Long has also said in the past that he would not support such a rollback.

In his speech in New Orleans, Senator Long reportedly mentioned that he thought a VAT rate of 10 per cent might be appropriate. He also said that the combined federal and local income tax obligation should be limited to 35 per cent of income.

Net inflow of poor to south

BY DAVID BUCHAN

MORE POOR people are now migrating to the south from other regions of the U.S. than are leaving it, according to a survey by the Census Bureau which shows that between 1975 and 1977 there was a net inflow of 127,000 poor into the south.

The officially defined poverty line last year was \$8,100 for a non-farm family of four.

But the reverse of the historical exodus of poor whites and blacks from the south is a response to the recent economic boom in the so-called sun belt states. The study's author, Dr. Larry Long, concludes that the poor have been attracted more by the better job prospects in the south

than the higher level of welfare benefits outside the south, thus unsettling the commonly held notion the southern poor are an increasing burden on the big cities of the north-east.

The watershed of this migration pattern was some time in the early 1970s. Between 1967 and 1971 the poor were leaving the south at an annual rate of 4,000, but by 1975 the flow had reversed, with many more poor staying in the south and migrating to the north reduced to a trickle.

Southern states last year continued to have the largest proportion of poor with 15 per cent of their population living on or

below the poverty line. But the migration of poor back to the south makes the south's recent gains all the more impressive. Two years ago, income per head in the south had risen to 50 per cent of the national average, and Dr. Long's survey claims that if present trends continue, the historic poverty gap will close by 1985.

However, the Census Bureau defines the south very broadly to include rich border states such as Kentucky and as far north as Maryland and Delaware. But Dr. Long claims the results would have been much the same if his study had been confined to the deep south.

Victory claim in Venezuela poll

CARACAS, Dec. 4.

SR. LUIS HERRERA CAMPINS, the opposition candidate, today claimed victory in Venezuela's presidential election after unofficial voting returns had put him in the lead.

Official returns, delayed by almost six hours because of late closing of his polls, also gave an edge to Mr. Herrera.

Mr. Herrera led with 44.5 per cent, while Sr. Pinerua had 42.8 per cent.

Mr. Herrera gave a victory speech at his party's headquarters promising to lead an administration of national unity.

Late closure of the polls resulted from a big turnout of voters which is expected at least to match the 90 per cent registered in the 1973 elections. Reuter

Canadian aircraft choice may be reduced to one

BY VICTOR MACKIE

OTTAWA, Dec. 4.

MCDONNELL DOUGLAS Corporation of St. Louis will decide after discussions with the Canadian Government on December 14 whether it will remain as a finalist in the competition for the C223bn (£1bn) fighter aircraft contract.

The company with its F-18A aircraft is on the recently announced list of finalists for the contract, along with General Dynamics' F-16, to provide a fighter aircraft for the Canadian armed forces.

The meeting in mid-December will mark the start of talks to negotiate final contracts with the two manufacturers, and will also determine the potential industrial benefits Canada may gain from the programme.

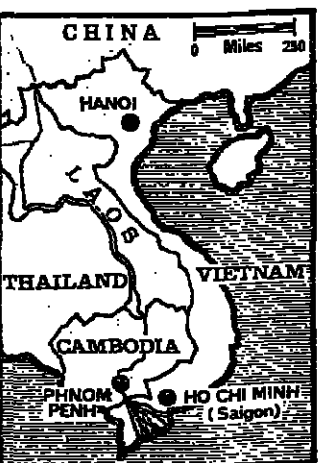
"We want to see what the requirements and ground rules will be. We will decide after

that meeting whether we are going to bid or not," a company spokesman said.

Mr. Barney Danson, the Defence Minister, said today the Government would have to reassess its fighter plane programme if McDonnell Douglas dropped out. He told reporters it would be "very unlikely" to continue final negotiations with only one company.

McDonnell Douglas is unhappy over the interpretation of remarks made at a Press conference last week attended by Mr. Danson and Admiral Robert Fairs, Chief of Defence Staff. It was implied at the conference that the smaller, less expensive F-16 was already the chosen aircraft and the larger and costlier F-18A was only in the same to maintain the facade of competition.

OVERSEAS NEWS



Hanoi steps up support for Khmer insurgents

By Richard Nations

BANGKOK, Dec. 4.

VIETNAM today took its support of an insurgent movement in Cambodia a step further by broadcasting over Radio Hanoi a report of what was claimed to be the capture of a member of the Central Committee of the new Kampuchean United Front for National Salvation.

The aim of the front, which Radio Hanoi says was set up two days ago in "a liberated zone" of Eastern Cambodia (Kampuchea), is to overthrow the Khmer Rouge regime and establish a "neutral and non-aligned" Kampuchea.

In backing the front so openly, Hanoi's purpose seems to be to make more credible its claim that there is widespread popular resistance inside Cambodia.

Today's announcements, however, come just over a fortnight after the first signs of renewed heavy fighting in the border region. This may prefigure a Vietnamese "dry season offensive," aimed at containing the north-eastern quarter of the country.

Hanoi has long been training a force recruited from 160,000 Khmer refugees and defectors in Vietnam. Some of the estimated 20,000-strong irregulars are said to be deployed in Eastern Cambodia, in support of Vietnamese ground operations in the Fish-hook area.

This is the first time, however, that the existence of a self-styled liberation front has been disclosed—an unmistakable sign of Vietnam's determination to renounce the Phnom Penh Government.

The front's own "liberated radio" —the Cambodian News Agency—was said to have broadcast today the Central Committee's first meeting which took place two days ago "somewhere in the liberated zone of Kampuchea."

Mr. Hung Samrin, the Central Committee's President, is alleged to have been the former political commissar and commander of the Fourth Division in the Eastern Region.

Others of the 14-member Central Committee—a hill tribesman, a woman, a senior Buddhist monk, a doctor, an engineer, a physicist, and a journalist—appear to be tokens of the party's wish to build a broad coalition of all groups disaffected by Khmer Rouge radicalism.

The party programme promises to "restore Kampuchean rights... to rebuild their family life, and to (allow) freedom of movement, association and religion." It also pledges "to establish national independence, abolish the compulsory work system and build a planned economy with markets and the circulation of goods."

It is questionable how far this appeal to moderation will overcome the traditional Khmer hatred for the Vietnamese which has sustained Cambodia's war effort, despite Khmer Rouge cruelties. Hanoi, however, is not relying on political claims.

There are indications that elements of 14 divisions—more than 100,000 men—are massed along the Cambodian border, with 15,000 men building enclaves 15 kilometres inside Cambodia. They have recently been heavily reinforced with supplies and hardware.

A division of Cambodian troops of up to 3,000 men was also said to have been destroyed, and 500 men were killed near Snuol, in the Fish-hook area, last November 18, when engaged by two Vietnamese divisions and supporting air attack. Vietnamese bombing and strafing raids have increased now that the sky is clear and the flood waters have drained from the Cambodian side of the Mekong Delta.

Vietnam appears to have the political and military wings of its Cambodian campaign firmly in the field. But opinion is divided over which will lead the coming offensive. Some observers expect Vietnamese forces soon to drive up to the border at Kratie, but the north-eastern quarter of the country off from the capital, and open the way for the united front to liberate the territory.

Others view such an overt drive as too risky, given the unknown extent of Peking's commitment to Phnom Penh and recently escalating pressure from China on Vietnam's northern border. These observers expect the guerrillas to take a greater part of the fighting, while Vietnamese patrols engage the Cambodian army from the enclaves Hanoi already holds.

Heavy Namibia poll claim but security remains tight

BY QUENTIN PEEL

WINDHOEK, Dec. 4.

VOTING in the disputed election in Namibia (South West Africa) began today amid heavy police and military security, with the South African authorities claiming a heavy early turnout at the polls.

As Judge Martinus Steyn, the South African administrator general in the territory, declared that the day marked the door to the future, the huge election operation to encourage a heavy poll, in spite of the abstention of two of the four major political organisations, swung into action.

Police, armed with machine pistols, guarded the polling stations; soldiers patrolled key points in the capital; and election officials explained the complex voting procedure to the first-time voters. Some 60 per cent of the Namibian population is illiterate, and polling officials, under the scrutiny of party officials, will vote on their behalf.

But there were immediate allegations of intimidation of voters by the front-running Democratic Turnhalle Alliance, which is confidently expected to win an absolute majority. Ironically, the allegations came not from the South West Africa People's Organisation (SWAPO), whose principal internal leaders were detained by the security

police yesterday, but from the Right-wing and largely white Akur Party.

Akur, which includes the former ruling National Party, had already objected to a DTA plan to hand out free food at the polling stations. Today, party organisers appealed against the huge marquee erected immediately outside polling stations in Katutura, Windhoek's black township, through which potential voters had to queue to vote.

"It is unbelievable the intimidation that is being done here," an angry Akur official claimed. "There is nothing of a free election here whatever."

Akur is expected to win a majority of the white vote in the territory, but not to attract any significant numbers of black voters. Both the major black nationalist parties, SWAPO and the Namibia National Front, have refused to take part in the poll, calling for UN-supervised elections next year. In their absence, the DTA is likely to be a clear victor.

Judge Steyn himself addressed Government guests and journalists today to defend the current exercise. He said that there had been an irresistible tide of public support for election, and he held before the end of the

year. The key question was whether a clear majority of the electors would now vote, in spite of the boycott campaign. The authorities say that 92 per cent of the eligible voters have registered to vote.

Speaking only hours before the meeting of the UN Security Council was called to consider progress towards UN-supervised elections in the territory, Judge Steyn said that "everything reasonable should be done to achieve an internationally recognised independence within limits of the people's choice to the present exercise were not prepared to go along with UN-supervised elections, that will have to be very earnestly considered by everybody."

He defended Sunday's detention of SWAPO leaders as being solely a police action in the wake of the two bomb blasts in the Windhoek on Saturday. He also defended the expulsion of two churchmen from the territory, but declined to give any specific reasons for his action. One of the churchmen, Mr. Justin Ellis, had produced a report on irregularities in the official registration process for this week's election. Polling lasts until Friday, and a result is expected about one week later.

Begin rejects Sadat proposals

BY DAVID LENNON

TEL AVIV, Dec. 4.

HOPES FOR a break in the drift in the Middle East peace talks suffered two blows today, as Israel rejected Egypt's latest proposals and reinstated a hard-line policy on the occupied West Bank.

Mr. Menahem Begin, the Prime Minister, sent a letter to President Anwar Sadat of Egypt, rejecting his suggestions for breaking the stalemate. The letter was formulated in consultation with senior Israeli Ministers, and was sent to Mr. Begin this morning.

Officials said the Israeli letter was a polite but firm rejection of the Egyptian demand for a target date for elections to a Palestinian self-governing council for the West Bank and Gaza Strip.

It also rejected President Sadat's request to change the draft treaty's article six, which gives the treaty priority over other commitments made by the two nations. Egypt's request for a special status in the Gaza Strip when self-government is instituted, was also rejected.

Officials here were not optimistic about the prospects for progress in the negotiations after the exchange of the two letters. Both sides have repeated their known positions, but do not appear to have made any willingness to make any concessions on the basic sticking points.

Meanwhile, on the occupied West Bank, Israel reversed to a tough policy against Palestinian guerrillas when the army blew up the homes of two people accused of committing murder and sabotage. Blowing up the

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homes of suspected guerrillas was frequent during the late 1960s, but had fallen out of other commitments made by the two nations. Egypt's request for a special status in the Gaza Strip when self-government is instituted, was also rejected.

Officials here were not optimistic about the prospects for progress in the negotiations after the exchange of the two letters. Both sides have repeated their known positions, but do not appear to have made any willingness to make any concessions on the basic sticking points.

Meanwhile, on the occupied West Bank, Israel reversed to a tough policy against Palestinian guerrillas when the army blew up the homes of two people accused of committing murder and sabotage. Blowing up the

Egypt's Arab ties threatened at meeting

BY KATHLEEN BISHTAWI

EGYPT'S uncertain position in the Arab world is going to be uncomfortably highlighted this week as trade ministers and officials from 13 Arab nations meet in Dubai tomorrow to discuss future Arab economic unity.

This week's meeting of the Arab Economic Unity Council is the first to take place since the conclusion of the Camp David agreement, and the resumption of peace talks between the Egyptians and Israelis in Washington.

Officials at the conference said that Egypt's position in the Arab economic world in the eventuality of a peace treaty being signed with Israel is one of the main items on the agenda. Also to be discussed are the implications of a treaty would have on the Israeli boycott and the part Egyptian companies may play in future relations between the two countries.

The officials emphasised that the conference is being convened "in the framework of the Baghdad summit resolutions." The Baghdad summit discussed the possibility of removing the Arab League headquarters to another Arab country, and as a council delegate pointed out, "whatever applies to the Arab League applies to all pan-Arab institutions." The headquarters

of the council is also presently in Cairo.

Asked if an ultimatum was going to be put to Egypt at the meeting, the official commented that "I cannot say whether it will come to a vote, but it is on the table for discussion."

Egypt will be placed in a particularly embarrassing light at this conference, as its acting minister of trade, Mr. Mahat Abdul Aziz, currently holds the chairmanship of the council. The Egyptian minister became chairman by mere alphabetical rotation last June at a council meeting in Baghdad. His term of office is due to last another seven months.

The disarray of the Arabs is painfully apparent at this

economic unity meeting. No diplomatic relations exist between Egypt and four other member states, namely Libya, Syria, Iraq and South Yemen. North and South Yemen, which are also attending the conference, maintain no relations either.

The council will be conspicuous for its absences. Lebanon, Tunisia, Morocco and the richest Arab country of all, Saudi Arabia, are not members. Dr. Fakhri Kaddouri, former Iraqi trade minister and now general secretary of the council, said negotiations with other Arab countries were continuing but no immediate requests for membership were expected.

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THE UNITED ARAB EMIRATES

Unity despite disunity

BY OUR FOREIGN STAFF

THE UNITED Arab Emirates, the federation of seven Sheikhdoms in the lower Gulf led by Abu Dhabi and Dubai, has shown itself to be the most durable example of unity in the modern Arab world. Last weekend it celebrated its seventh anniversary—refuting those critics who did not expect it to hold together more than a few months. Yet Khmer hatred for the Vietnamese which has sustained Cambodia's war effort, despite Khmer Rouge cruelties. Hanoi, however, is not relying on political claims.

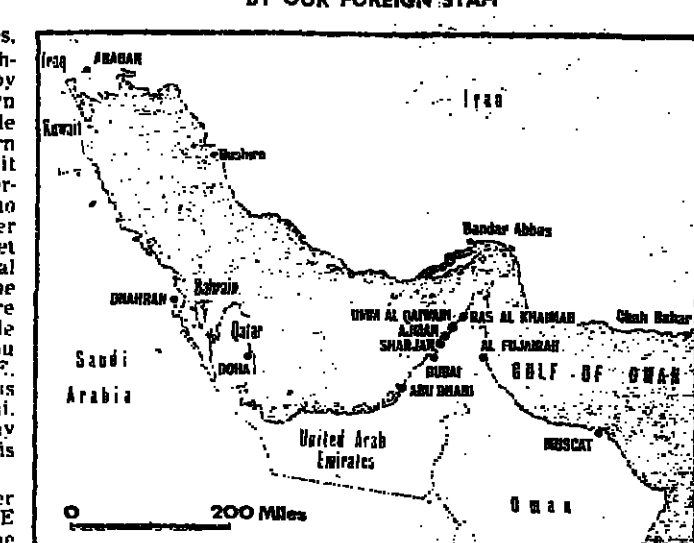
There are indications that elements of 14 divisions—more than 100,000 men—are massed along the Cambodian border, with 15,000 men building enclaves 15 kilometres inside Cambodia. They have recently been heavily reinforced with supplies and hardware.

A division of Cambodian troops of up to 3,000 men was also said to have been destroyed, and 500 men were killed near Snuol, in the Fish-hook area, last November 18, when engaged by two Vietnamese divisions and supporting air attack. Vietnamese bombing and strafing raids have increased now that the sky is clear and the flood waters have drained from the Cambodian side of the Mekong Delta.

Vietnam appears to have the political and military wings of its Cambodian campaign firmly in the field. But opinion is divided over which will lead the coming offensive. Some observers expect Vietnamese forces soon to drive up to the border at Kratie, but the north-eastern quarter of the country off from the capital, and open the way for the united front to liberate the territory.

Others view such an overt drive as too risky, given the unknown extent of Peking's commitment to Phnom Penh and recently escalating pressure from China on Vietnam's northern border. These observers expect the guerrillas to take a greater part of the fighting, while Vietnamese patrols engage the Cambodian army from the enclaves Hanoi already holds.

The difference among the Emirates have been emphasised by the fact that the astronomical



reluctant to make contributions to the federal budget. Dubai is also concerned about the increasing powers of the federal ministers and believes that the federal cabinet is assuming powers that rightfully belong to the supreme council made up of the rulers. Yet the supreme council has not met for more than six months.

The dispute which brought these underlying problems to a head came last spring when Sheikh Zaid appointed his second son, Sheikh Sultan, to the post of commander in chief of the federal armed forces as part of a plan to unify them. The move pre-empted discussions already in progress and was announced while Sheikh Zaid was out of the country leaving Sheikh Rashid as acting President. Sheikh Rashid says that he was not consulted and that the procedure used breached the constitution. Since then the unification of the armed forces has been stalled.

The slowdown in the development of the federation has affected other institutions. The Currency Board, which is intended to become the UAE's central bank, complains that neither Abu Dhabi nor Dubai channel sufficient of their oil revenues through it in order for it to fulfil its functions. In the circumstances there is doubt about the projected national planning board which is supposed to draw up an economic and industrial plan for 1980 and beyond.

In this uncertain mood, there is a tendency to forget how much has been achieved in the development of this barren part of Arabia since 1971, in economic terms. Oil has transformed some of the poorest people in the world into among those with the highest per capita income anywhere. But this has made many UAE nationals, especially those returning from education abroad, more aware of the defects of their society: its extravagant consumerism and its population imbalance. They have wanted about its future. They would like to see the rulers reach a compromise on the issue of the armed forces and a consensus on the future of the union to defuse the present tensions.

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The new industrial estate.
A chance to beat unemployment and build local prosperity, a source of civic pride?
Or a disaster both social and financial.

On a day when the community is a scar upon the face of the community, and warehouses complexes are highly sensitive to the dangers of fire.

This page is a reminder of why this is so. The diagrams show how a small fire can fill an unventilated factory building with smoke in just three minutes.

Smoke acts as a cloak for fire, allowing it to spread unchecked while the fire brigade is prevented from locating its source. The smoke and gases that build up when a fire gets out of control may, in the end, vent themselves through the roof, to the total destruction of the building, and everything within it.

And once a fire has reached these proportions, it begins to endanger other buildings nearby.

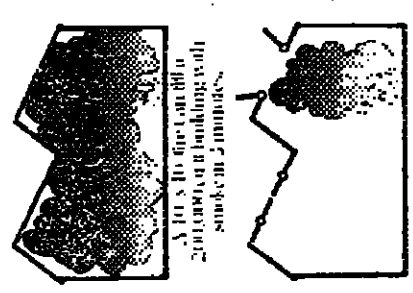
In one serious fire in a refrigerator plant, where there was no ventilation, fire brands from the burning building were still threatening surrounding buildings two days after the fire started, and eventually ignited a warehouse which was completely gutted.

That fire burned for 4 days, killed three firemen, and caused a total of over £14 million damage.

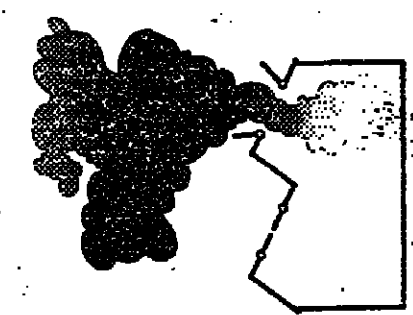
Last year Britain burnt over £2617 million of her assets. A figure that only accounts for loss of stock and buildings. Not the lost production, lost jobs and lost exports involved. Or the firms who go out of business every year as the result of a serious fire.

Yet the really damaging effects of fire can be prevented.

By Colt Automatic Fire Ventilation. Colt ventilators open over the source of a fire seconds after it starts. The spread of smoke is controlled, the fire brigade can act quickly and effectively.



A fire in a building with no ventilation can fill the building with smoke in 3 minutes.



Colt Automatic Fire Ventilators open over the source of the fire seconds after it starts, controlling the spread of smoke.

Plant and stock away from the fire source remain undamaged, and surrounding buildings are not affected. And in some cases it is even possible to start limited production the next day.

The Colt system does not involve a heavy financial investment, and can be operated to give you better day-to-day working conditions at no extra cost. And we'll survey your premises free.

If you're involved in designing or commissioning a new factory complex, or concerned with improving fire protection in an existing building, phone or write to Colt now. And make sure the Mayor never opens a fire trap.

With Colt fire ventilation, fire can be a temporary nuisance, not a total disaster. Colt International Ltd., (Health and Safety at Work), Havant, Hants, PO9 2LN. Tel: Havant (0705) 451111. Telex: 86219.

AMIDST APPLAUSE, THE MAYOR OPENS A FIRE TRAP.



WORLD TRADE NEWS

15.1% growth in British exports to West Germany

BY JONATHAN CARR

BRITISH EXPORTS to West Germany grew by 15.1 per cent to DM 5.8bn (£2.43bn) in the first nine months of this year and now take a somewhat larger share of Germany's total imports than they did a year ago. The growth was in the key sector of wholly manufactured products as well as in raw materials, notably oil.

Figures released by the Federal Statistical Office show that West German exports to Britain were even more buoyant—rising by 17.4 per cent to DM 12.2bn (£3.37bn) and thus increasing the German trade surplus with Britain to DM 3.4bn.

However, the surplus figure alone partly obscures the fact that both countries are having greater success in penetrating the home market of the other. The rate of increase in bilateral trade is higher than that between West Germany and almost all other European Community countries.

Further, the volume impact of British exports on the German market is understated by expres-

sion of their value in terms of the Deutsche Mark—which has appreciated against sterling by about 7 per cent since the start of this year.

During January–September, British goods took 4.9 per cent of the German import market against 4.4 per cent in the same period last year. Even excluding crude petroleum (exports of which rose by 44 per cent to a value of DM 930m), British goods were still accounting for 4.8 per cent of German imports against 4.5 per cent last year.

Exports of British wholly-manufactured products rose by 14 per cent to DM 5.8bn, accounting for 6 per cent of German imports of these goods against 5.7 per cent in January–September, 1977.

Among the successes here were exports of British textile and leather machinery, which increased by 29.2 per cent to DM 55m (10.5 per cent of German imports against 8.4 per cent last year), of office machinery, including computers, which were up by 11.7 per cent to DM 369m (13.4

per cent of German imports against 13.1 per cent before) and of electrical engineering products, which increased by 14.1 per cent to DM 645m (5.9 per cent of imports against 5.7 per cent).

On the other hand, while exports of motor vehicles rose by 14.1 per cent to DM 703m, Britain's share of German imports of these products nonetheless fell to 6.4 per cent against 6.6 per cent in the first nine months last year.

The UK was Hong Kong's leading market for watches within the European Economic Community for the first three-quarters of 1978. The UK purchases went up by 120 per cent over the similar period last year to total £14.37m.

According to trade statistics from the Hong Kong Trade Development Council issued in London today, the UK market accounted for nearly 44 per cent of Hong Kong's total watch exports to the EEC which were valued at £22.71m.

U.S. allows sale of oil equipment to Russia

By David Satter

MOSCOW, Dec. 4. Mrs. JUANITA KREPS, the U.S. Commerce Secretary, today signalled American willingness to work for expanded U.S.-Soviet trade, announcing authorisation of 22 U.S. oil equipment export licences at the opening of the meeting of the U.S.-USSR Trade and Economic Council.

The licences affect contracts with an estimated value of \$65m, the last of a group of contracts which have required White House approval since July when President Carter imposed new controls on oil equipment sales in retaliation for Soviet dissident trials.

Mrs. Kreps and Mr. Michael Blumenthal, the U.S. Treasury Secretary, had talks today with Mr. Alexei Kosygin, the Soviet Premier, for 90 minutes and gave no indication in his opening remarks at the meeting that the Carter Administration was contemplating any compromise in its attitude toward the political implications of U.S.-Soviet trade.

The week long meeting of the U.S.-USSR Trade Council is to be attended by 400 top U.S. business leaders and is expected to feature a major effort by the Soviets to convince U.S. businessmen of the importance of an end to the Jackson-Vanik amendment which ties liberalised U.S.-Soviet trade to a Soviet undertaking to allow freer Jewish emigration.

Mr. Blumenthal, however, sharply criticised the Soviets for their handling this summer of the case of U.S. businessman Francis J. Crawford and gave no indication in his opening remarks at the meeting that the Carter Administration was contemplating any compromise in its attitude toward the political implications of U.S.-Soviet trade.

Mr. Blumenthal said that the violence used against Mr. Crawford, a former Moscow representative of International Harvester convicted of currency speculation, was "quite inappropriate." He said it "profoundly disturbed" the U.S. business community.

Chinese nuclear plant order expected to be first of many

BY COLINA McDUGALL

CHINA'S PURCHASE of two nuclear power plants from France, announced yesterday, comes after visits by Chinese missions to British and Italian, as well as French installations, and inquiries for Japanese and Italian thermal power stations have been reported.

So far, China has no nuclear power industry of its own, although it is believed to have built a small reactor. Sir Francis Tomb, chairman of the Electricity Council, is in Peking until next Sunday, leading a delegation that includes two General Electricity Generating Board chairmen and a member of senior management of the operating side.

Previous Chinese missions to Britain have looked at the Ratcliffe and Didcot coal-fired plants, the Kingsnorth oil-fired plant, and the Hinkley Point B nuclear plant.

The purchase from France is likely to be just the first in a number of power plant deals, as China's industry is seriously inadequate for present needs, let alone its ambitious modernisation programme.

The Chinese have already agreed to supply fuel for a new coal-fired installation in Hong Kong, which may in due course export power to South China. Chairman Hua Kuo-feng listed 30 power stations among the major projects he outlined in a

speech last March. These are all to be completed by 1985.

In China's previous round of importing industrial equipment in the early 1970s, Peking bought far more power plant from the Soviet Union and Eastern Europe than from the West and Japan.

Capacity purchased from the Russians in 1972-75 totalled 2,000 MW, and from Czechoslovakia 450 MW. From Italy it totalled 1,065 MW, from Japan 750 MW, and from France and Switzerland together 300 MW.

China's total generating capacity was estimated for 1977 at 43,600 MW, the ninth largest power industry in the world, but its per capita output is very low, similar to that of India and Zaire.

Foreign factor in Brazil deficit

BY DIANA SMITH

RIO DE JANEIRO, Dec. 4

BRAZILIAN EXPORT Bureau Statistics show that foreign trade in steel by the late 1980s. All were completing stage two expansion programmes with imported equipment.

Four Brazilian state-owned steel works—Usiminas, the national steel company, Acesita, Special Steels and the São Paulo Steel Company, imported 440,000 tonnes of rolled steel, is worth \$35.8m.

The deal, says Cimetal, is particularly important, not only because Brazil is in a position to complement traditional Australian supplies of cast iron to now 1.5m tonnes, but because Cimetal negotiated directly for three years, with the Chinese corporation, freeing itself from a situation whereby Brazilian cast iron has made its way indirectly to China through transactions by international trading companies.

Moreover, Brazilian cast iron manufacturers have had problems with their traditional foreign markets, the U.S. and the EEC, where they were accused of unfair competition and dumping, respectively.

Manufacturers reject the "unfair competition" charges made by Hanna Furnace of U.S. which claims that the Brazilian product (13 per cent of all U.S. imports of cast iron) is 75 per cent subsidised and should be covered by countervailing duties. Only a 20 per cent tax relief is given exported cast iron, the Brazilians say, maintaining that American accusations are "groundless."

Peking cast iron contract

BY OUR OWN CORRESPONDENT

RIO DE JANEIRO, Dec. 4

THE CHINA Minerals and Metals Corporation is to buy 200,000 tonnes of cast iron from the Brazilian producers, Cimetal, the contract, which includes 24,000 tonnes of rolled steel, is worth \$35.8m.

The deal, says Cimetal, is particularly important, not only because Brazil is in a position to complement traditional Australian supplies of cast iron to now 1.5m tonnes, but because Cimetal negotiated directly for three years, with the Chinese corporation, freeing itself from a situation whereby Brazilian cast iron has made its way indirectly to China through transactions by international

Kenyan jobs seen as 'pragmatic'

By John Worrall

NAIROBI, Dec. 4

NEW DIPLOMATIC appointments suggest that Kenya is pragmatically adjusting its foreign policy to its economic needs.

Kenya has appointed a High Commissioner for the first time to Canada, very much a favoured nation for its specialised technological aid. Nairobi is the regional centre for Canada's prestigious international research and development centre.

For the first time a Kenyan Ambassador has been appointed to Japan, which has recently been financing many aid projects, in tourist infrastructure and technical education, and there are a number of joint commercial ventures in the radio and television field. It is felt in Kenya, however, that Japan could be more forthcoming in the aid field in view of the almost irreversible trade balance in Japan's favour.

Kenya has also re-opened its Embassy in Peking, which was closed during the cultural revolution.

A strong new Kenya Ambassador has been appointed to the EEC, that becoming Kenya's foremost aid giver after Britain. Brussels is seen here as being a pivotal point for multinational activities in the financial and economic sphere with which Kenya is associated. The new Ambassador is Mr. Japhet Kili, deputy secretary in the Ministry of Foreign Affairs.

Austria-Ford talks reported

VIENNA, Dec. 4

THE Austrian Chancellor Mr. Kreisky was quoted today as saying he has had talks with Ford Motor on the possibility of Ford setting up a car plant in Austria.

Mr. Kreisky told the newspaper Kronen Zeitung that negotiations with Ford were under way, although no result was yet in sight. Informed industrial officials, meanwhile, said the projected plant could produce 200,000 cars a year and create 10,000 jobs, but they stressed the talks were at a very early stage. Reuter.

EEC bid to aid Pakistan trade

BY CHRISTOPHER SHERWELL

ISLAMABAD, Dec. 4

PRIVATE businessmen in Pakistan and the EEC countries, with help from the European Commission in Brussels, are attempting to boost Pakistan's exports to the Nine. A ten-man Pakistani delegation is currently on a sales mission to six European countries, while a group of European businessmen has just ended a buying visit here.

The EEC's interest, according to the leader of the European group, lies in promoting trade relations with developing countries which have balance of payments problems. For Pakistan, which has run a large trade deficit every year since 1973, such opportunities to redress the balance are welcome.

Pakistan's successful surgical instruments and sports goods industries have provided a main focus of interest, along with more traditional items like toys, products, wood furniture, handicrafts, carpets, and rugs.

Taken together, these form less than 15 per cent of Pakistan's exports by value. Though all are growth sectors, they are small compared with cotton and cotton products, which are responsible for 35 per cent of Pakistan's export earnings. Over a quarter of Pakistan's trade, on imports and exports, is with Western Europe, with the balance against Pakistan.

The two trade missions have both been sponsored by the European Commission, which is successful they have been only emerge in time, but one difficulty has been over traditional items, where establishing direct contact with the usually small-scale producers means trying to bypass ever-present middle-men. The business seems unlikely to grow until producers can be made more aware of the market.

One novel area of European interest, canned shrimps, seems unlikely to be catered for until quality is improved, and this has been a complaint in other fields. As a result the European mission appears to have been mostly an attempt to build up relations, and orders have been made mainly to see whether there is any future in trade with Pakistan.

Though Pakistan's sports goods industry has seen remarkable output and export growth since independence in 1947, its competitiveness has been less effective in the past couple of years, partly because it has not received the support it has demanded from the Government. Over 20,000 people are employed in the surgical instruments industry, which is based in Sialkot in the Punjab and competes with the world's best. Coinciding with the attempt to stimulate Pakistan-EEC trade, a U.S. team representing companies in the communications industry has visited Pakistan to assess the market for communications equipment.

The companies concerned—Western Electric, 3M, Motorola and Rich Electronics—are competing with companies from Britain, Germany, Japan, France, Sweden and Holland.

Istanbul construction companies are looking abroad for major contracts. Metin Munir reports.

Turkey aims for \$5bn currency boost

FACED WITH one of the most severe foreign currency famines in its history, the Turkish Government has started looking at overseas contracting as one of the best ways of boosting the country's foreign currency earnings.

Little that is tangible has been done so far, but it is estimated that if Mr. Bulent Ecevit's Government can improve the conditions, Turkish contracting companies can undertake at least \$5bn-worth of construction work in the Middle East and North Africa within three years of which half could be remitted home in hard currency.

Mr. Temiz Ustun, the director of Istanbul-based Enka's overseas construction work, said: "If the Government takes us out of the straight jacket and lets us breathe we can do as much work as the South Koreans."

Turkish construction companies started entering the Arab market in 1973 and there are now 17 companies with total overseas undertakings of \$1.6bn.

More than half of the deals are in Libya where Turkish companies are building harbours, highways, cement plants and houses. The bulk of the rest is in Saudi Arabia (pedestrian tunnels, cement and limestone plants, mosques and sewage projects). The biggest of these companies is the Setai Turkey-Feyzi Akkaya Partnership which has a total contractual undertaking of \$450m.

Specialising mainly in bridge construction and piling operations, the Akkaya-Turkes Partnership tried to "burst out," as Mr. Vassil Cankat, their top executive put it, in 1967. They put in bids for the Madagascar harbour and Mecca drinking water projects but lost "because we had no self confidence then." Their first overseas contract was Tripoli port expansion which they won in 1973. The company now has six projects, five in Libya and

one in Saudi Arabia. Other big companies include Lhasa (\$350m), Eshatun Goren (\$181m) and Teme Ecevit (\$120m). The first Turkish contracting company to obtain a contract abroad was Enka, whose total contractual undertakings in 1977 totalled \$560m. Turkish lira (\$450m)—32 projects of which nine were in Saudi Arabia, Libya and Iraq.

The domestic construction boom which has been going on for nearly two decades has made this sector one of the largest in Turkey and created companies which are big, even by international standards. For these working abroad was the best way of exploiting their idle capacity. Furthermore, there were more profits to be made.

The companies owe much of their success abroad to their competitiveness. Turkish labour is half the price of that in

Europe and Turkish companies are claimed to make better use of machines than their competitors because they have fewer of them.

Another reason for going abroad is Government control on spending in order to curb inflation, and contractors are among the group which has been worst hit. A few of the Turkish contractors abroad collaborate with foreign companies in deals like subcontracting, joint ventures or consortia. Enka, Simbol, Tekfen and Kutlutas are among them, but most companies have little experience in joint work and the majority of their staff do not speak any foreign languages.

A sign of some success, however, is the fact that some major international banks like Citibank have agreed to provide bonding to the Turkish contractors. This is a significant development because bonding is the most difficult problem of contractors.

Few Turkish banks are large enough to supply bonds. Those which are large enough can issue bonds not exceeding 25 per cent of their capital unless the bond is for a company in which they have shares. In the last year or so this problem had been compounded by the fact that most foreign countries stopped recognising the guarantees of the Turkish Government and Turkish banks because of the economic crisis.

In order to surmount the bond problem some Turkish companies have been obliged to take "sleeping partners," and some exploitation has taken place. "Somebody comes along with a bond which seems good to clinch a contract," explained one Turkish contractor. "You give him 30 per cent partnership in exchange for it. He does absolutely nothing, and

he is a partner in the profit but not loss."

Almost all Turkish contractors, including Akkaya-Turkes, maintain that had there been no bonding problems, contracts could have easily been \$5bn instead of \$1.6bn.

In order to surmount this problem, or at least alleviate it, Turkey's largest banks have recently formed a consortium to provide bonds and loans to overseas Turkish contractors. The Finance Ministry, at whose initiative the consortium was established, has reinforced it by providing foreign exchange transfer guarantees for its bonds. The Ministry is also preparing a decree which would ease the formalities and provide incentives for the contractors.

Experts also believe that there is great potential for joint ventures between Turkish and foreign companies. "The Turks don't go in for this sort of thing not because they don't want to but because they don't know how to go about it," said a Turkish contractor.

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been a leader in the field of anti-corrosion research and development for pipe. And our technology is available the world over to Water Supply Consultants and Engineers, if the need be Pipe, Pumps and Valves or helping to select the best route, even the actual laying of the pipe. Kubota also manufactures a variety of products for irrigation systems. So if it's water you need, Kubota will help you get it where you want it.

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Lorraine steers a straight course, even though she's blind!

It's not very unusual for a sixth-form schoolgirl to be a keen—and a capable—yachtswoman, but it may have surprised you to learn that Lorraine is blind.

Well, it shouldn't. Blind people simply want to lead ordinary lives, and mastering an activity only needs personal determination together with the help of skilful training.

Lorraine went to the RNIB's Chorleywood College (with six O'levels and studying for her 'A's'). The College has two sailing dinghies, and handling them certainly brings out all the self-reliance students are trained to develop. Lorraine even goes ocean racing now!

Training blind people to live fully and work effectively is the purpose for which the RNIB has existed for more than a century. Please help us to carry on with it through your legacies and donations.

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224 GREAT PORTLAND STREET, LONDON W1G 6AA
Under the Finance Act 1973, incorporated in England as a company limited by guarantee, exempt from Capital Transfer Tax, Registered in accordance with the Companies Act 1949, and under the Charities Act 1960 (Reg No. 228227).

S.P.G.F.-B.F.D.T.

After the recent announcement of the take-over of the B.F.D.T. (Banque Française de Dépôts et de Titres) by the S.P.G.F. (Société Privée de Gestion Financière et Foncière), to be followed by the merger of the two companies, the S.P.G.F., acquired on October 26, 1978, a 65 per cent interest in the capital of the B.F.D.T.

Following this absorption the Board of the B.F.D.T. was reorganised and M. Jean-Luc Gendry, chairman of the S.P.G.F., was appointed chairman of the B.F.D.T. The new Board of the latter includes the Credit Suisse First Boston Limited represented by M. Jean-Claude Tine, M. Jean-Pierre Lacoste, M. Philippe Rivière, M. John F. Catter, and the S.P.G.F. represented by M. Raymond Craissels.

M. Philippe Rivière continues his functions as managing director of the B.F.D.T.

The Board of the S.P.G.F. co-opted on November 22, 1978, the Credit Suisse First Boston Limited as an additional member. It will be represented by M. Jean-Claude Tine.

هكزامن الاصيل

You can

Would your bank manager buy you a new Rolls-Royce?

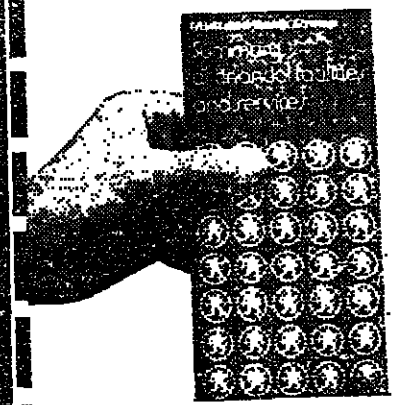
If you run a company, you will know that your needs aren't always obvious or straightforward. In fact, business necessities can seem unusual to outsiders. For instance, you could need a company plane. Or a Rolls-Royce.

You probably wouldn't expect even your bank manager to be very sympathetic if you asked for finance for something as uncommon as that.

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HOME NEWS

Advanced engines studied by Rolls

By Michael Donne, Aerospace Correspondent

ROLLS-ROYCE is studying new aero-engine designs that would be more efficient than today's RB-211, in an era when existing fuels are likely to become scarcer.

A preliminary study of one such engine is included in an exhibition which the company is mounting to coincide with the three-day conference on "Energy and Aerospace" which starts in London today sponsored jointly by the Royal Aeronautical Society and the American Institute of Aeronautics and Astronautics.

The Rolls-Royce ideas are still in comparatively early stages, but like other aero-engine manufacturers the company has been devoting time and money to studying future power units that would either use less fuel or not depend on petroleum-based fuels. The exhibition shows an engine that would be 20 per cent more efficient than the RB-211, with a much lower noise level. It would use composite materials to cut its weight, and an advanced combustion system to reduce pollution.

The meeting will study the use of aerospace technology to help exploit alternative aviation fuels and use satellite-borne solar power-stations in space to trap the sun's energy.

Yorkshire textile industry worried by fall in orders

BY RHYTH DAVID, TEXTILES CORRESPONDENT

PRODUCERS in the Yorkshire wool textile industry are worried by a slowing of new orders.

Several companies in the sector, which has a total output of more than £1bn a year, have introduced short-time working recently. Further redundancies are now feared by unions to add to the total of around 1,400 jobs already lost in the course of this year. Until recently this was one of the most buoyant sectors of the UK textile industry.

Employment of production workers in the sector, about 80,000 over the past three years, has now dropped to around 57,000 with 800 jobs disappearing in August and September alone. The last two months for which figures are available.

No confidence

The industry's problems stem from a general lack of confidence over next year's prospects and this is causing producers throughout the production chain from finished cloth back to yarn and tops (combed wool) to delay placing orders.

The joint CBI-National Economic Development Office survey of textile trends carried out in October showed producers in all the main wool textile sectors were experiencing a slowing of demand with 88 per cent of worsted weavers and 68 per cent of woollen weavers reporting a fall in orders.

ing their order books below normal. Most were also expecting conditions to become more difficult.

A similar message has also emerged from recently published results of companies in the sector. The biggest group, Illingworth Morris, which announced profits slightly up on the same half year period last year at £2.37m, but warned because of uncertain trading conditions at home and abroad it would be unlikely to match these figures in the second half. Sulmer and Lamb, a specialist supplier of tops and yarn to the rest of the industry, also forecast profits for the year as a whole would be about the same as last year, despite a rise at the halfway stage.

The industry's doubts over next year come immediately after a period of strong growth in UK consumer demand for textiles. The benefits though, have gone only partially to domestic producers. Consumer expenditure on clothing has risen by around 6 per cent making it an attractive market for importers especially from the Continent where the rise in demand has been a modest 2 per cent.

Imports of most products have as a result risen substantially. Shipments of tops into the UK were up in the first eight months of the year by 154 per cent, with South Africa the dominant supplier

accounting for 1.3m kilos out of total imports of 3.2m kilos.

There have also been big increases in yarn, fabric and other imports from a variety of sources. In blankets, for example, imports from Czechoslovakia rose by 44 per cent in the first eight months to account for roughly one-third of total imports of more than 1m kilos. Blanket imports from Spain at 245,000 kilos were up nearly 500 per cent.

Italian prices

The UK wool textile industry has also been affected, however, by a weakening in demand for worsted fabrics.

Though Britain's woollen producers have been busier this year, this trade is now dominated in Europe by manufacturers in the Prato areas of Italy who have managed to produce at prices which can barely be matched elsewhere. In the period to August this year imports of woollen fabrics rose by nearly 60 per cent to 21.7m sq metres of which Italy accounted for 15.8m sq metres, a rise of 75 per cent.

Evidence from the latest Inter-stuff clothing textiles fair in Frankfurt at the end of last month, also suggested that the fashion trend over the next year will continue to favour the woollen look.

In worsted fabrics, part of the problem has been the continued movement away from formal suits towards a more casual look and this has also affected the industry's export sales over the past year.

Sales to Western Europe of worsted fabrics dropped from 4.1m sq metres to 2.5m sq metres in the first eight months of this year compared with the same period in 1977, and sales to the North American market were also down.

Some increase took place in exports to Japan and to the Middle East where Iran stepped up its imports from 317,000 sq metres to 2.6m sq metres as a result of a major order for uniform cloths.

But although conditions have become more difficult, some union leaders are expressing some concern that the industry may at present be talking itself into its present state of uncertainty, and they are warning, too, that further contraction could do serious damage to the sector.

The key period is now likely to be after Christmas when producers would normally expect to see some further ordering as customers assess the effects of winter sales. This will provide further evidence whether the industry is stuck on a plateau after the recovery of the past two-to-three years or can expect to move forward again next year.

Key industries will die forecast economists

BY DAVID FREUD

BRITAIN'S CAR, ship and aerospace industries are forecast to be virtually eliminated by import competition in the 1990s, even on the most optimistic assumptions, according to a Cambridge economics group.

Many industries which have been in decline or stagnant — transport, construction, textiles, printing — are expected to revive and others that have been growing slowly — drink, food, chemicals, instrument engineering — are expected to speed up.

Cambridge Econometrics, the forecasting wing of the Cambridge Growth Project, reaches these conclusions with its long-term model of the UK economy. It differs from the models used by the Treasury, London Business School and National Institute for Short-Term Forecasting in that it has been designed to project the development of individual industries and of the economy as a whole over a period of 10 years or more.

The forecasts on the UK's industries apply if Stage Four of the Government's incomes policy has some effect in keeping wages growth below 12 per cent, but if inflation takes off to 20 per cent, 750,000 jobs could be lost by 1981 and there is unlikely to be any growth until 1982.

If inflation is held at a more reasonable level the economists predict a bright long-term future of "tax cuts, trade surpluses, rising incomes and buoyant investment". In the short term, however, the forecast is considerably more pessimistic.

Next year increased inflation at home and abroad is expected to choke growth temporarily. Overseas, price rises to restore

exporters' profitability are likely to erode competitiveness. At home, price rises of 11.5 per cent are expected to eat up projected wage increases of 12 per cent.

Total consumer spending should go up 1 per cent next year, but durable and motor car purchases are declining and distributors reduce stocks. Car imports will drop 12 per cent, but UK car output will plummet 20 per cent, say the forecasters.

Other manufacturing industries are expected to suffer to a lesser extent next year, and the energy, services and construction industries to keep growing. Overall growth in gross domestic product, thanks to stock reductions, is likely to be less than 0.5 per cent on the base of 1975 prices.

If Stage Four collapses and wages explosion takes place, the position would become more serious.

UK: ANNUAL CHANGE % AT 1970 PRICES

	Gross domestic product	Consumer prices	Earnings	Consumer spending	Fixed investment	Imports	Exports	Chemicals	Motor vehicles	Construction
1977	0.3	14.5	6.4	-0.8	-3.2	4.9	7.1	2.3	-3.9	-3.5
1978	3.1	8.3	12.5	5.7	3.3	6.7	1.2	1.5	10.4	3.8
1979	0.0	11.8	12.8	1.1	2.1	1.9	0.0	-1.8	-21.0	2.8
1980	1.7	7.9	10.0	1.6	1.9	4.9	4.8	3.0	-3.1	3.2
1981	2.3	5.8	8.0	2.9	1.0	5.9	4.0	4.2	-6.4	4.0
1981-85	1.9	6.0	8.0	2.5	1.7	3.9	2.3	3.2	-9.7	2.6
1985-89	2.2	5.7	8.0	2.6	1.6	6.2	5.3	4.1	-10.1	2.7

* 1972-1977

Neddy split on malt whisky export curbs

THE NEDDY Scotch Whisky Working Party's decision yesterday to offer only "good advice" on the subject of containing exports of bulk malt whisky, rather than a formal recommendation, indicates the complexity and sensitivity of the issue.

The working party was in fact split. Most of its members favoured a two-year trial period when malt shipments would be held voluntarily at their present level.

But a minority of two or three (there is some dispute among members about the exact number) wanted no action at all. Malt whisky, distilled from malted barley, is what gives Scotch its distinctive flavour and is added to the grain spirit, made from maize, to make it smoother and more palatable.

Other countries have tried to produce malts of comparable

RAY PERMAN tells why the Scotch Whisky Working Party could offer only "good advice" yesterday on bulk malt whisky exports.

quality, but it is generally agreed that in spite of some creditable attempts by the Japanese, none has yet matched Scotch.

This is the crux of the controversy for exported bulk malt (as opposed to the bottled products) is used in "admixes" to improve the taste of locally produced whisky.

Bulk malt exports have grown from 4.7 per cent of all Scotch sold overseas in 1971 to 9 per cent last year. In the first half of this year the growth was very fast, with volumes up by 24 per cent, compared with the same period last year.

Nearly all of it went to four markets: Argentina, Brazil,

Spain and, by far the most important, Japan, which took nearly three-quarters of the total.

Until now the Japanese have used it to make blends for domestic consumption. But the working party noted signs of promotion campaigns in the U.S. and Australia and found that distilling capacity and stocks were being built up in Japan.

Most of the industry believes that the bulk export trade damages Scotch, since it encourages the production of special class whiskies which compete with the image of Scotch abroad.

They also feel it helps misrepresentation by local manu-

facturers of tariff discrimination against the bottle-in-Scotland product.

This view is broadly supported by the unions, which fear the loss of jobs in bottling halls. But opinion varies from a demand for an outright ban by the unofficial shop stewards' combined committee, to the softer line taken by the Scottish TUC, which wants a voluntary quota system.

On the other hand, companies with a large share in the bulk trade—principally those wholly or partly-owned by the U.S. company Hiram Walker and the Canadian-owned Seagram—also some independent malt distillers—maintain that it is a valuable part of Scotch's export contribution—worth £22m last year.

They also say that there will be no direct benefit to bottled

Scotch if bulk sales are banned, and that it preserves jobs in remote Highland distilleries, where other employment is scarce.

On the last point, the working party estimated that if bulk exports were discontinued, 40 per cent of all malt distilleries would be affected in one way or another.

The Government as the working party pointed out, is powerless to intervene even if it wanted to.

International trade obligations mean that any constraint will have to come from the companies themselves—and the possibility of that looks remote. Mature malt whiskies can already be bought easily on the open market, often at below present production costs. The structure therefore exists for a parallel trade in exported malt.

Guide may allow 14% inflation

THE MONETARY guideline for the 12 months to October may allow inflation of up to 14 per cent, even though it represents a considerable tightening of monetary policy, according to the City stockbrokers Phillips and Drew.

From April to October this year the annualised rate of growth of sterling M3, the wider definition of money stock, was no more than 7.4 per cent.

Consequently, if the actual increase in sterling M3 were taken together with the 8 per cent to 12 per cent guideline announced recently by the Chancellor, the permissible range by which M3 might grow over the 18 months from last April to next October is 7.8 per cent to 10.4 per cent, expressed at an annual rate.

This is a measure, when compared with the declared 8-12 per cent guideline, of the extent to which monetary policy has been

tightened.

The new guideline was unlikely to be an effective constraint, however, because velocity of circulation was likely to increase by about 4 per cent in the 12 months from October.

"This is a measure, when compared with the declared 8-12 per cent guideline, of the extent to which monetary policy has been tightened."

The new guideline was unlikely to be an effective constraint, however, because velocity of circulation was likely to increase by about 4 per cent in the 12 months from October.

Assuming that M3 growth was at the ceiling of the permissible range, nominal gross domestic product could then grow by 16 per cent. If two points of this went to finance growth in real earnings, there would be room for prices to increase by 14 per cent.

The Government was also adopting a high risk strategy in its fiscal policy. The firm forecast that the public-sector borrowing requirement would be about £9bn in the 1979-80 financial year, and that this would be financed comfortably within the monetary guideline only if there was a sharp slowing in growth of consumer demand.

"The risk is that this slowdown will not be sharp enough. A safer course would be to tighten fiscal policy by permitting no growth in the volume of overall public spending in the next financial year, rather than the present planned volume increase of 2 per cent."

On pay, the firm said that it was increasingly evident that the Government must hold public sector pay settlements to an average of about 8 per cent in earnings terms if the aggregate was to lie within 10-12 per cent.

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3.2	-9.7
4.1	-10.1

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The automatic choice is the BMW 633CSi with its ZF 3-speed automatic transmission. Power is from a 3.3 litre, six cylinder, fuel injected engine. Maximum speed is in excess of 130mph, but this, for obvious reasons, is largely unimportant. What is so pleasing about the 633CSi Coupé is the way it behaves when you drive it, the feeling of pleasure it gives. With its true four-seat capacity, its standard option of leather or velours upholstery and its feeling of refined purpose the 633CSi is one of the most civilised Coupés you can have.

The new BMW 635CSi offers something extra in sheer performance terms. Its engine is larger, 3.5 litres. It produces 218bhp and has a top speed of 140mph. 0-60mph time is 7.3 seconds and the suspension is uprated. The graphite, henna and polaris models come with front and rear aerodynamic spoilers whilst all other colour variations come with standard exterior trim. Moreover, the 635 offers you the delights of an engine of incredible torque

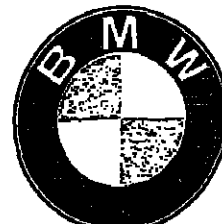
and power matched to a five speed gearbox. Luxury refinements remain the same as the 633.

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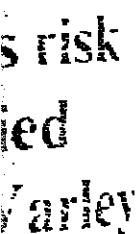
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FRANK WOOD & CO.
35, Watling Street, Canterbury (Tel. 04843)

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Must be I.A.T.A. but small business suitable.

Write Box G.3017, Financial Times, 10, Cannon Street, EC4P 4BY

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Successful window company, part of a multi-million pound group wishes to purchase wholly or in part a manufacturer of double glazing units. A small to medium sized company based in the southern half of England would be preferred.

Enquiries in confidence to:

Box G.2905, Financial Times, 10, Cannon Street, EC4P 4BY

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(1) Purchasing interest or outright purchase of small/medium financial and commercial services company. Management able to continue if required.

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Details in confidence to:

Box G.2905, Financial Times, 10, Cannon Street, EC4P 4BY

EXPRESS PARCELS

National Network would be pleased to have discussions with Parcel Carriers with a view to possible acquisition.

Only firms with good premises and capacity available would be suitable.

Write Box G.2906, Financial Times, 10, Cannon Street, EC4P 4BY

WANTED BRICKWORKS

at present: rundown or disused, for outright purchase.

Write Box G.2957, Financial Times, 10, Cannon Street, EC4P 4BY

WANTED FOR CASH

Private Company, i.e. Motor, Waste Disposal, Precast Concrete, etc., showing profits of £250,000 a year, acquisition by a larger Company.

Write to:

ADAMS & CO.
14, London Road, Bromley, Kent

British Airways seeks fare rises and offers cuts

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS wants a 22 per cent rise in the shuttle single fares between London and Glasgow and Edinburgh, together with rises averaging 17 per cent on many other domestic air routes.

If given these increases, the airline promises to freeze fares for 12 months from April 1, and to introduce a number of cuts on other routes through greater use of the Advanced Purchase Excursion system and other promotional rates.

The airline said that it had submitted its proposals to the Civil Aviation Authority, guaranteeing the freeze from April 1, provided there are no big changes in operating costs. Mr. Gerry Draper, its director of commercial operations, said that the airline regretted having to ask for some fare rises, but had tried to keep them to a minimum. "Unfortunately, we are still affected by inflation like every other business, and the rises are simply to offset increasing costs."

The fares cuts follow our policy of reducing fares wherever and whenever feasible and spreading the benefits across as much of the market as possible.

The main cuts will include the introduction of Apex fares on routes between London and Leeds, Newcastle, Aberdeen and Inverness; between Birmingham and Manchester and Edinburgh, Glasgow and Aberdeen; and between the Channel Islands and the mainland.

Giving examples of these cuts, the airline said that the Apex fare between London and Aberdeen would be £47, a reduction of 41 per cent against the ordinary fare of £80; to New-castle it would be £33, a cut of 40 per cent against £55; and to Birmingham £27, a cut of 27 per cent on the normal £38 return fare.

European aid plea for Channel Tunnel

BY IAN HARGREAVES, TRANSPORT CORRESPONDENT

A CHANNEL Tunnel should be financed by a combination of loans from the European Investment Bank and share subscriptions by private individuals, a leading European politician said yesterday.

Dr. Cornelius Berkhout, vice president of the European Parliament and a senior member of the Dutch Liberal Party, said in London, the tunnel was vital on psychological, strategic and economic grounds.

Dr. Berkhout said the £600m plan now being studied by British Rail and the French railways for a railway link was right both in terms of lower cost and in avoiding environmental damage to Kent.

Individuals in most EEC countries would be prepared to take a stake in a Channel Tunnel company, which would eventually be economically viable and which would also be a concrete symbol of European unity.

For Britain, the tunnel would stimulate employment and increase navigational safety in the crowded Straits of Dover.

MPs to start inquiry into London dockland

BY PAUL TAYLOR

SLOW PROGRESS towards redeveloping London's derelict dockland will be given new impetus when a Commons committee begins an inquiry into the subject.

The environment sub-committee of the Commons Expenditure Committee has decided to take a fresh look at progress made towards re-vitalising the docklands of East London.

Tomorrow Mr. Peter Shore, Environment Secretary, will be the first person to give evidence to the MPs. He is expected to be questioned on the extent to which the Government has acted upon recommendations contained in a previous committee investigation, published in the 1974/75 Fifth Report of the Expenditure Committee.

That report included recommendations on, among other matters, provision of transport infrastructure, consultation machinery and finance for new investment.

Since that inquiry, both the Inner Urban Area Act and provision for partnership arrangements have come into force. However, it is clear from the latest report from the Docklands Joint Committee, for example, that little has been achieved in real terms.

The committee's terms of reference are narrow but include inquiries into progress of re-development, administrative changes and the impact of current inner urban policy and partnership agreements on financial and administrative arrangements.

The committee's hearings are expected to last until March and will probably include evidence from the London boroughs, the Docklands Joint Committee and possibly the Port of London Authority.

Particular interest is expected to be paid to the Authority's plans for the port, and the Greater London Council's plans for extending the Jubilee Tube line into dockland.

GEC share in Drax B

BY JOHN LLOYD

THE GENERAL ELECTRIC Company formally announced yesterday its share of the Drax B contract, provision of three 350 megawatt gas turbines at a cost of £11m.

The turbines will be used for peak load generation, and to act as an emergency standby supply for the electrical auxiliaries of the main steam plant in the power station.

The order is the second placed by the Central Electricity Generating Board with GEC. Gas Turbines for the Drax station. In 1971 the company supplied three EO-2 gas turbines to Drax A.

Unilever marketing man goes to NEDO

Mr. Ken J. A. Fraser, who is at present in the marketing division at UNILEVER, is being seconded to the NATIONAL ECONOMIC DEVELOPMENT OFFICE as industrial director for two years. He will join NEDO on February 1.

Mr. J. R. S. Homan, at present acting industrial director, will become deputy industrial director. Mr. Fraser succeeded Mr. Bernard Asher whose secondment to the NEDO from IIT expired earlier this year. He will have special responsibilities for operational aspects of the Government's industrial strategy.

See Men and Matters, Page 18

BEATSON CLARK announced that Mr. D. E. Clark will succeed Dr. A. W. Clark as chairman, in May 1979. Mr. Clark is at present deputy chairman, and will retain the position of managing director he has held since 1971. He is president of the Yorkshire Glass Manufacturers' Association and a council member of the Glass Manufacturers' Federation.

Mr. Steven S. Licht has been made a managing director of CREDIT SUISSE FIRST BOSTON.

Following the death of Mr. Basil Marrold, chairman, Mr. Manuel Kulpkandis, one of the founders of LONDON AND OVERSEAS FREIGHTERS, has been appointed chairman. Mr. Stanley Sedgewick has been appointed deputy chairman and will continue as managing director.

Mr. R. A. S. Lane has been appointed chairman, Mr. H. F. Purchase deputy chairman, and Mr. A. P. Cuffin company secretary of HODGE LIFE ASSURANCE COMPANY, a member of the Standard Chartered Bank Group.

Mr. David Perry, managing director of Fell and Bryant, Croydon, has been appointed chief executive of the packaging and paper products group from January 1.

Mr. Gordon Forrest, deputy managing director of Fell and Bryant, will take over from Mr. Perry as managing director from January 1. It is expected that later in 1979 Mr. Forrest will be transferring to the headquarters of the packaging and paper products group in a technical capacity.

NORTH SEA FERRIES announces the appointment of Mr. G. D. S. Dunlop as general manager, with effect from February 1. Mr. Dunlop replaces Mr. J. M. Ferring, who is taking a senior appointment with ROYAL NEDLLOYD-GROUP in Rotterdam previously worked with P and O.

Mrs. Caroline de Courcy-Ireland has been appointed a director of PHILBEACH EVENTS, the exhibition organising subsidiary of Earls Court and Olympia Group.

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHWARTZ

ENERGY

Current directly from sunlight

FIRST large solar generating unit in Britain to produce current through direct conversion of sunlight, that is by a photovoltaic process, is under design by Ferranti and the decision to carry out the task marks a considerable step forward by the company and the country in this important area of non-polluting energy capture.

At 2 kW peak output, it does not seem all that powerful, but solar arrays as they now exist, even on satellites, are not what one could call "power stations". Nevertheless, this is a start and when completed, the system is expected to be among the largest in Europe.

Ferranti won the award for the construction of the unit from the European Economic Community as a demonstration project to show the feasibility of using such a system in northern latitudes and an industrial climate.

Construction is under way at the company's Poynton plant and when the unit is operating in mid-1979 it will be the first photovoltaic generating station in the UK, the company asserts.

The 100 solar panels will produce 2 kW dc in good sunlight. This power will be stored in a battery bank and inverted to provide a mains-compatible supply.

Ferranti is expanding its solar power activities, presumably with an eye on U.S. claims recently made that panel manufacturers are coming much closer to the cost level at which such panels could be justified, with cross-over early in the next decade.

Ferranti Electronics, Fields New Road, Chadderton, Oldham OL9 5NP. 061 814 0515.

COMMUNICATIONS

Sends image quickly

ONLY a fortnight after a similar announcement from IBM, Plessey has now also launched a desktop facsimile receiver able to send an A4 page over the telephone network in as little as two minutes, but offering a choice additionally of three, four or six minutes.

The machine is nominally in the CCITT group two category and is able to communicate with group one machines (six minutes) and also with other manufacturers' group two equipment.

Known as the MV1200, the machine uses digital technology with solid state scanning and printing and dual micro-processor control.

The machine, which is manufactured in Japan, holds a 100-metre roll of paper (an electrostatic system is used) for either continuous or unattended operation, and received copy is quilloted to length. A4-wide documents up to 27 inches long can be handled. Operation can be half or full duplex.

At the same time Plessey has also announced the availability of a digital transmission machine, also made in Japan, which can send an A4 document in 20 seconds. However, it expects 60 to 70 per cent of its sales to be in the slower group two.

The price difference is considerable: the MV1200 sells at £2,600 or can be rented for £90 per month while the 20-second unit can only be purchased at £3,000.

Plessey Communications Systems, Beeston, Nottingham NG8 1LA (0602 254822).

HANDLING

Loader has more power

AMONG A number of advanced features promised in the design of an earthmover from Massey Ferguson, is a disconnection of the transmission when the brake pedal is operated so as to divert all available engine power to the hydraulics.

The crawler loader is called the MF 500C, weighs 13,130 kg and is rated at 113 hp net SAE flywheel. Its engine is the Perkins T6.354-A, and it is turbo-

charged to ensure that in export markets full power is maintained at altitudes of up to 1,500 metres.

Extra power and strength are said to be an integral part of the machine, and special attention has been given to the loader geometry to enable the bucket to be filled rapidly with minimal loss in transport or during loading.

More from the company at Banner Lane, Coventry.

Pumps for tough jobs

PARTICULARLY for use with aggressive fluids, such as detergents, coolants, chemicals, oils, etc., is a range of Kerren rotary vane pumps from Appliances Components, Cordwallis Street, Street, Maites SL6 7BQ (Maidenhead 32323).

These self-priming precision pumps are said to be suitable for a wide variety of rigorous applications associated with cleaning, welding, photographic and similar industries.

Models in the range have flow rates from 20 to 800 litres per hour with a maximum pressure of 20

Bar (290 psi), and operate at temperatures up to 110 degC.

In order to ensure long and trouble-free life, says the company, no metal parts are in contact with the fluid. Polycarbonate is used for the pump rotor, the pressure chamber and vanes.

All the series, known as NKS, can be supplied fitted with a thermal overload switch for extra protection of the pumps.

A special feature is their capability of being able to run "dry" for relatively long periods.

CONSTRUCTION

Accuracy in building

IMPORTANT as a concept in building design is the British Standards Institution's BS 5606 "Code of practice for accuracy in building". This makes use of the discovery that each combination of construction methods and materials consistently shows its own distribution of size variation, a regular pattern is called the characteristic accuracy. Its application in the code means that the values for permissible deviation for many common items of construction are now founded on fact and can be confidently quoted in contracts.

BS 5606 has been produced after the first nationwide survey of building accuracy. Over 200 projects were located with the help of the National Federation of Building Trades Employers, whose members undertook many measurements on site. Results were analysed by the Building Research Establishment and are presented as standard deviations and displacements of the mean, which describe the distribution of sizes for any item about its intended size. These values can be used to calculate the probabilities of satisfactory fit, or the need for correction.

Permissible deviations, formerly estimated, can now be calculated from the characteristic accuracy values to embrace any known range of size variation. Values for permissible deviation (or tolerance) that will lead to a known rejection, or correction rate can now be specified and the values given in the code have been calculated to include 99 per cent of construction.

BSI, 2 Park Street, London, W1A 2BS. 01-629 9000.

Anchored into rock

HEAVY DUTY, ready-to-install, steel expansion anchors designed for high load fixings in concrete and rock are offered by Hill (GB) Limited, Hill House, Chester Road, Manchester M16 0GW. (Tel: 061-672 5010).

In a range of six diameters from 12 to 24mm, each available in two lengths, the new HSL range provides pull-out values from 61.5 to 184 kN in 35/pe square millimetre concrete with shear values of from 98.5 to 321.5 kN.

Advantages include a simple and fast setting procedure requiring no special tools, expansion at low torque and built-in resistance to rotation in the hole during setting.

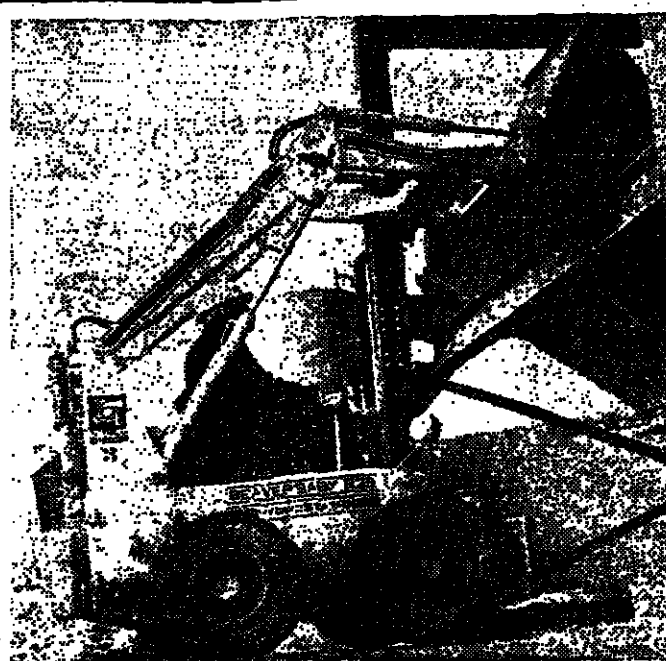
SECURITY

Unjammable alarm

SOPHISTICATED ALARM equipment for private cars and heavy vehicles has been developed in Israel under the sponsorship of "Meitav" Institute for the development of new ideas, 27 Rothschild Boulevard, Tel Aviv.

The alarm system cannot be activated or deactivated from outside the vehicle, nor is its existence discernible from outside. The minute the door of the vehicle (or its bonnet or boot) is broken open the alarm bell rings and the lights go on automatically.

If the engine is started, it stops after five seconds while the alarm continues to ring.



Collet, or broken glass, is difficult material to move and load, particularly near furnaces in high ambient temperatures. Glass-making plant cannot be stopped dead and if there is any hold-up in production, red-hot material is diverted to what is called the "bosh", where it is sprayed with water and cooled. Broken bottles are also taken to this point. The Beaver R23 skid steer loader, shown here, operates in these tough conditions and can negotiate the narrow alleyways under the furnace and around the bosh, carrying 1500 lb and turning in its own length.

Seating the crowds

DEMOUNTABLE tiered seating for a few hundred people, or as many as 80,000, which uses no bolts, screws or tools and needs no special skills to erect, is attracting the attention of sports bodies, theatre groups, cathedrals and other music festival organisations.

Made of aluminium modules that conform to rigid Greater London Council regulations, the tip-up seats fold away beneath the seat frame, minimising damage, transport and storage costs. This allows ganways to be made anywhere along the length of the stand, which step frames with six inch risers, half that between the tiers, also provide stairways where needed.

Interlocking standard units are 2.75m long and 1.5m in depth, weigh 70lb and can be palletised.

The GT system, is designed and made by Grandstand Tribunes, 40, High Street, Stratford-upon-Avon, Warwickshire. PETER CARTWRIGHT

Potential in China

CHINA IS looking actively at means of improving urban traffic control and administration by means of planning and the use of modern control systems, according to Mr. Hsieh Heng, deputy director, Traffic Safety Committee of Peking Municipality, and leader of a 14-strong delegation of Chinese traffic officials, planners and engineers, speaking at a meeting in London, with members of the British Consultants Bureau.

Several BCB members spoke at the meeting, explaining the very broad base of British experience in traffic planning, management and engineering. Emphasis was put on the impartiality of British consultants, on their sensitivity to local needs and on the rigorous scientific basis of their advice.

Two other Chinese Delegations have already had meetings with the BCB this year, demonstrating China's desire to get acquainted with British consultants.

DATA PROCESSING

New source of machines

FOLLOWING THE acquisition in the U.S. of Data 100 (last week) and Sycon (in May) by Northern Telecom, the U.S. subsidiary of Data 100 in Harpenden is now offering Sycon computer products previously available only in the U.S. and continental Europe.

The two companies are part of a newly formed major subsidiary called Northern Telecom Systems International intended to concentrate the U.S. corporation's efforts in terms of equipment for the "office of the future", including companies such as Sycon, in which Northern Telecom has a 24 per cent interest, the corporation, which claims to be number two in telecommunications equipment in North America, now also has access to semiconductor and computing manufacture.

The new products to become available in the UK are the 290 on-line display system, the 405 entry level data processing system and the 445, intended for distributed data entry and processing.

Larger of the systems, the 445, is designed to address the needs of modern business management in offices and remote locations. It can support up to 256 kilobytes of main memory, 308 megabytes of disc storage, eight 2000 character video data stations and a

Systems on show

NEWLY APPOINTED worldwide distributor for Texas Electronic Instruments, Abacus Computers, will show microcomputers from TI, together with its range of products on Stand 90A at Comper, which opens at Olympia in London today.

The first public showing of Comma VOS, the new 16-bit microcomputer (this page November 30) is on Computer Marketing's stand. This computer's identification number is Purfleet (04028) 7161.

TRANSPORT

Cleans big vehicles

SUITABLE FOR cleaning vehicles up to 12 feet high and 8 feet 2 inches wide is a low-cost version of the Jet Clean Commercial vehicle wash developed by Wickham Industrial Equipment, Norton Road, Stevenage, Herts (0438 4041).

Known as the Jet Wash 2, it is a twin arch drive through machine which utilises high pressure jets of water and uses the Genol cleaning chemical for maximum effect.

The chemical is able to remove road soil and traffic film without the need for manual or automatic brushing, says the company.

PROCESSING

Packaged for efficiency

LUDDAM SYSCO has won an order valued at about £100,000 for the design and supply of a gasoline blender system to be installed at the fluid catalytic cracking unit under construction at Pembroke, South Wales, where it will serve the Texaco and Gulf refineries.

The order has been placed by Snamprogetti, main contractors to Pembroke Cracking Company for the construction of the refinery extension, valued at £290m.

Luddam Sysco (division of Rotork) has specialised in the development of the packaged analyser for the petro-chemical industry.

It was the first British producer of this type of system and its activities are important both in the area of import substitution and of exports.

Luddam Sysco packages have been sold in countries such as Abu Dhabi, Australia, Bahrain, Belgium, Holland, Italy, Norway and Portugal, as well as at several locations in Britain and in the North Sea.

A packaged analyser system forms part of the gasoline blender being incorporated in the plant under construction for Pembroke Cracking, mentioned above.

The petro-chemical industry has a need for many types of process control equipment at various locations in the refineries. In the past, sampling and analysing equipment has been scattered throughout a plant, close to each individual sample take-off point. It was often housed in brick bunkers or similar buildings, each of which has to be provided with

pipework, electricity, ventilation, and so on. These various structures then had to be linked to a central control station. This was frequently a costly and time-consuming operation.

Luddam Sysco packaged analyser is completely self-contained in a walk-in housing, which is usually made of steel but can be offered in GRP, for one or more process analysers, and it leaves the factory near Devizes as a functionally tested unit. It contains items such as process analysers, sample conditioning modules, spent recovery systems, lighting, steam and instrument air systems, ventilation, failure alarms, explosimeters, to monitor for gas leaks, and heating, venting and air-conditioning systems.

The equipment thus housed is protected, not only against weather, but also against aggressive environments by forced-air ventilation, making it possible to carry out on-line maintenance without the need for a "hot work" permit.

The grouping together of analysers reduces the need for links and communications as well as facilitating maintenance. It makes fewer demands on space, labour and the co-ordination of building, service and commissioning. Testing and co-ordination takes place under controlled conditions in the factory, quality control is facilitated, and on-site installation is swift and easy, thus saving the customer time and work during start-up and eliminating the risk of demarcation disputes.

Luddam Sysco 51B High Street, Reigate, Surrey, RH2 9AE. (073 72 2111).

High speed pen maker

AN INTEGRATED "package deal" production line able to make up to 4,000 direct fill (that is, non-refill) ball point pens an hour can be supplied by Betol Machinery, and will be of particular interest to emergent countries wishing to set up production capacity.

Betol is the only British manufacturer able to supply all the necessary machinery for this purpose from one source. Its new 2,000 line forms the pen bodies by extrusion, embodying coloured stripes and ensuring an accurate centre capillary for the ink.

After cooling the extrusion is cut to length by a rotary cutter and the lengths are fed to a finishing machine. This has a conveyor which carries the sections through hot foil name stamping, front end chamfering, counterboring to suit 23 diameter, back and barrel machining, pneumatic filling with ink, ballpoint tip fitting, and rejection of incomplete items.

The pens are finally centrifuged (to make sure the ink flows down the barrel) 70 at a time.

Cradock Road, Luton, Bedfordshire (0582 54271).

Dutch whip non-stop

CONTINUOUS whipping of cream, yoghurt, cheese or other dairy products is possible with a machine from Rijkart of Holland.

Control of specific volume and viscosity is accurately maintained within the closed whipping chamber, where gas or compressed air is dispersed in the mass. The aerated product emerges from the whipping machine via a flexible tube fitted with a counter-pressure unit and

is then transferred to pouches or a dosing machine.

Whipping capacity is fully variable between 50 and 250 litres per hour. Volume increase in the output depends on individual products.

Complete with a 50 litre hopper and motor wheel, the stainless steel machine can be pushed to any part of production line with ease.

European Process Plant 175, High Street, Banstead, Surrey.

COMPONENTS

Switches are sure

WHERE ENHANCED reliability and higher electrical ratings are essential, says Licon (part of ITW) it is wise to use its small rugged double-break snap-action switches.

Features include self-wiping action, double the arc-breaking ability and current interrupting ability of conventional switches, better heat-dissipation characteristics than a single-break switch of a similar size, plus dual-circuit

capability arising from its two normally open and two normally closed contacts.

A further advantage over stressed blades, says the company, is that the coil-spring snap-action mechanism is not stressed to its limit even under full over-travel conditions.

More from Norway Road, Hilsa Industrial Estate, Portsmouth PO3 5HT. (0705 694971).

MATERIALS

Good fixing of labels

AN EASILY applied bond for serving label legibility. Bonding labels mounted on all surfaces commonly encountered in freight packaging is provided by an I. Bracknell, Berks RG2 1JU aerosol adhesive put on the market by 3M.

Effective on painted metal, plastic, glass, wood and board, the material is claimed to be substantially superior to gummed labels and conventional gums and pastes. It is clear, non-staining, and fast tacking, quickly and securely fixing labels to smooth, rough, flat or curved surfaces.

The nozzle valve used is designed to reduce wasteful overspray. In addition, the product soaks in very little, pre-

serving label legibility. Bonding takes about ten minutes.

More from 3M House, P.O. Box 1, Bracknell, Berks RG2 1JU (0344-55245).

EMI Electronics, Albert Drive, Sheerwater, Woking, Surrey GU21 5RU. (04982 76123).

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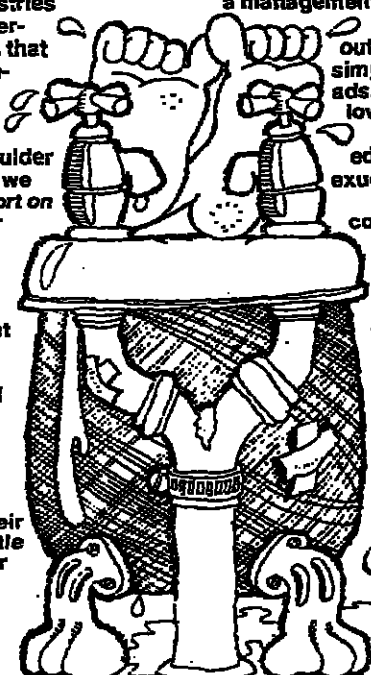
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INSTRUMENTS

Gauge will disregard coatings

AN ULTRASONIC thickness gauge with digital display available from Surtess (Marine) will measure steel or other metals to an accuracy of 0.1 mm and will ignore the presence of paint films or any other coatings.

SP3 operates with a single transducer, avoiding errors which can sometimes occur with twin probe systems arising from angular propagation paths through the material.

Measurement is by detecting the first, second and third returns at the probe from the backwall and gauging the time intervals between them (which are identical). To avoid "catching" the wrong peaks of the ultrasonic waveform, dual beam accuracy is taken of the time interval on the envelope of the first decay on the envelope of the returns. Calibrations stored in a memory take account of different materials.

Reflection is essentially from the paint/steel interface, but some energy reaches the probe and the time intervals between the arrivals there are a measure of the thickness of the substrate.

Measurements appear on a three digit display and the unit can deal with thicknesses from 3.0 to 99.9 mm.

Apart from pre-set velocity calibrations for materials other than steel the only control is a start button. To save power the unit switches off after one minute of operation.

An important advantage of the instrument is that there is no need to grind off protective films before measurement.

More from 88 High Street, Newport, Pagnell, MK16 8AB (0905 611777).

Crack unit is proved effective

TESTS CARRIED out by the National Engineering Laboratory at East Kilbride have shown that EMI's acoustic emission system is capable of predicting, detecting and locating fatigue cracks in large steel structures.

The work was carried out on a full-sized steel node similar to those used on large offshore platforms. The node was stressed cyclically to a point where a fracture occurred, spreading to approximately one-third of the circumference of the cross-member.

By means of an array of five transducers, picking signals around the welded joint, acoustic emissions were used to detect and locate the source of the fracture before the defects were visible.

Measurements were made of crack growth rate and then correlated with the acoustic emission data.

Using a microcomputer to deal with the system is able to distinguish between background noise and genuine crack extension noise.

Contained within six feet of 19 inch radiating system, has an associated graphic display which shows not only the relative positions of the emissions but analyses their characteristics and provides a display of emission intensity. Sufficient processing is provided to determine the presence of a crack and whether it is active or passive.

EMI Electronics, Albert Drive, Sheerwater, Woking, Surrey GU21 5RU. (04982 76123).

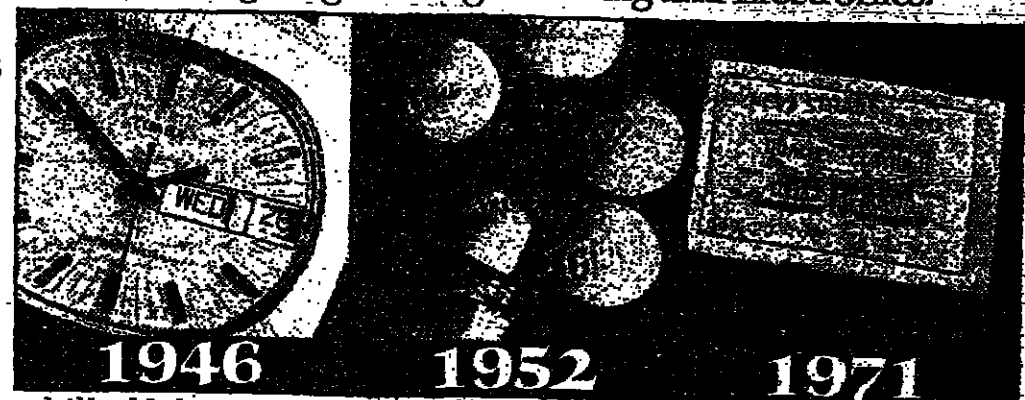
We've had it coming for years.

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Marketing Officer, Tayside Regional Council, Tayside House, Dundee, Tel. (0382) 2251

مکانم الاحول

How EMS could help the dollar

BY SAMUEL BRITTAN

IT IS PARADOXICAL to suppose that the only or even the most important problem facing the European Monetary System is whether the UK joins. A different question, which will have to be faced sooner rather than later, is what the new European system can contribute to the problem of the dollar, or, to be precise, to the overhang of dollar balances which governs central banks and large private holders who would like to diversify into other currencies. This overhang limits the present recovery of the U.S. currency and is liable to aggravate any future phases of weakness.

The main impulse to German interest in the European Monetary System came from the weakness of the American dollar, also from Chancellor Helmut Schmidt's personal misgivings about President Carter. Specifically, Herr Schmidt was worried about the effect of a falling dollar and rising mark on competitive position of German industry.

The main German worry concerns not so much the dollar exchange rate, as the pattern of exchange rates within the European Community. When there are portfolio shifts out of the dollar people do not move equally into all the European currencies. They move specifically into the German mark—and the Swiss franc. This pushes up these two currencies against, for example, the French franc and sterling. Producers in Germany and Switzerland complain that the appreciation of their currencies is much in excess of what would be required by differences in inflation rate. A visitor who has to pay £7 for a modest taxi ride in Zurich appreciates the point very quickly.

German gains

This problem will not be solved just by passing exchange rates. "Fixed but adjustable" parities will not automatically make the weaker currencies just as attractive as the stronger ones. There will simply be gains to reserves by Germany until the mark is revalued in the super-shake. If Germany inflates instead of revaluing, this would simply be another route by which their producers lost competitiveness, as in the pre-EMS conditions.

There is, however, one way of diluting the inflow of funds into Germany over all EMS members. This would be to introduce a "substitution account" in which non-Community official holders

of dollars could exchange them for ECU's. Such an arrangement has often been proposed in the IMF under which dollars would be exchanged for SDR's.

An ECU holding would guarantee, for example, a petroleum exporting country against fluctuations in the value of one European currency against each other. There is still the question of why it should prefer the ECU to D-marks or buying its own basket in the market. Part of the answer lies in the fact that conversion into ECU's would be politically less embarrassing than plain dollar sales in the market. But it would be dangerous to base policy on such arm-twisting considerations and it would be better to introduce a small interest rate advantage as a sweetener.

Black magic

An ECU facility would not be black magic any more than a Special Drawing Rights under the IMF would be. American debts would simply be transferred from existing holders to an international group. The terms on which the new owners will continue to be a matter of negotiation with the U.S. authorities. But these holdings should be expected to be more stable than existing dollar balances.

The development of the ECU as a reserve asset does not require fixing intervention points against the basket rather than the grid. Indeed it would be possible if European currencies were freely floating—as the existence of the IMF-SDR context confirms.

The danger of an ECU substitution account is that too much will be expected of it. Diversification by private portfolio holders will still be able to push the dollar downwards; and the odds are that the dollar will rise relative to their purchasing power parities. Thus Germany will export currency and become increasingly uncompetitive on trading account. An ECU substitution account could put a brake on the development of the mark as a reserve currency and remove some of the hysteria which surrounds the dollar in Europe. But there is no way to prevent the German consumers from enjoying the benefits of reserve currency status—and probably a current account deficit as well.

SINCE 1851 the Hospices de Beaune has sold by public auction the new wines from its own properties, named after its benefactors, such as the founder in 1443, Nicolas Rolin, or of the donors, including local wine merchants as vintages were shown in the Hotel de Ville.

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Such gastronomic flights—which one way and another would not leave much change from £100—are not for the groundlings, and they have organised a sort of harvest festival, in which bands parade through the streets and dancers from as far afield as Germany, Holland and Switzerland dance folkloric measures on stages erected in the squares: 25 posters and 800 performers, the posters announced this year. Stalls provide solid fare and beaunois nouveau is dispensed

at street temperature. More serious is an open-air display of viticultural equipment, a large mechanical picker that was claimed to have operated successfully in several of the Hospices de Beaune's vineyards. Since then the Hospices de Beaune has sold by public auction the new wines from its own properties, named after its benefactors, such as the founder in 1443, Nicolas Rolin, or of the donors, including local wine merchants as vintages were shown in the Hotel de Ville.

While all this adds to the jollity of the locals and the visitors, for these merchants the accompanying auction may be more of an occasion for concern than for rejoicing. For although the emphasis is always placed on the charity and still more, the publicity aspects of this first

last season, John Francome's mount is reported to have come on particularly well in recent weeks. If this is the case, I believe he will prove capable of conceding 30lb to the course winner, Walter, a close second to Royal Jubal at Ascot on his seasonal debut before chasing home Cantile and Balitree in a minor event at Devon and Exeter.

Mr. Pringle, Winter's runner in the opener, Div. I of the St. Just Novices Hurdle, will not need to be a world beater to oblige at the first time of using under the new rules. But Time Up have come out. But Swardsmen could find Main legredient busting him up in

the Second Division of that same event. Bert Firestone is reported to have paid a figure approaching the £750,000 mark for that remarkable mare, Fanfruche, a brood mare at public auction stood at \$1m, the amount laid out for Queen Suerie at Keeneland in 1976.

Fanfruche, a daughter of Northern Dancer, is in foal to the Triple Crown winner, Secretariat.

NEWTON ABBOT 12.45—Mr. Pringle 1.15—Rie 1.45—Court God 2.15—Nerminis 2.45—Killwarren 3.15—Swordsmen

BY DOMINIC WIGAN

The most interesting feature of the afternoon, in my opinion, will be the five-year-old, Killwarren's attempt to defy 12st in what looks to be a tight handicap for the new miles and one furlong Heston Hurdle.

A much-improved young hurdler in the second half of

and weather for Wales. Scotland—2.00-3.30 pm Rugby Union. Scottish North and Midlands v New Zealand. 3.30-5.00 pm Reporting. 5.00-5.30 pm News. 5.30-6.00 pm Scotland. 6.00-6.30 pm News. 6.30-7.00 pm Scotland. 7.00-7.30 pm News. 7.30-8.00 pm Scotland. 8.00-8.30 pm News. 8.30-9.00 pm Scotland. 9.00-9.30 pm News. 9.30-10.00 pm Scotland. 10.00-10.30 pm News. 10.30-11.00 pm Scotland. 11.00-11.30 pm News. 11.30-12.00 pm Scotland. 12.00-12.30 pm News. 12.30-1.00 pm Scotland. 1.00-1.30 pm News. 1.30-2.00 pm Scotland. 2.00-2.30 pm News. 2.30-3.00 pm Scotland. 3.00-3.30 pm News. 3.30-4.00 pm Scotland. 4.00-4.30 pm News. 4.30-5.00 pm Scotland. 5.00-5.30 pm News. 5.30-6.00 pm Scotland. 6.00-6.30 pm News. 6.30-7.00 pm Scotland. 7.00-7.30 pm News. 7.30-8.00 pm Scotland. 8.00-8.30 pm News. 8.30-9.00 pm Scotland. 9.00-9.30 pm News. 9.30-10.00 pm Scotland. 10.00-10.30 pm News. 10.30-11.00 pm Scotland. 11.00-11.30 pm News. 11.30-12.00 pm Scotland. 12.00-12.30 pm News. 12.30-1.00 pm Scotland. 1.00-1.30 pm News. 1.30-2.00 pm Scotland. 2.00-2.30 pm News. 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The TUC and the City

THE EMPHASIS of the second stage of the Wilson Committee's enquiry into the workings of the financial institutions is on supervision and regulation. So it is no surprise to find that "public accountability" is the main theme running through the latest written evidence from the TUC. "Accountability" is the catchword of the moment. Wherever institutions wield financial influence behind closed doors, the argument goes, they must be made "accountable" for they are quite possibly responsible for Britain's industrial decline.

We support "accountability" if it means "visibility" but are much more suspicious of it when it comes to mean "playing a part in the industrial strategy." The important thing is that an institution—whether it be a pension fund, the Bank of England, or a trade union—should do what it does with as much disclosure as possible. This will automatically make it more accountable. But to make it subject to some new bureaucratic committee makes an institution accountable only in a very narrow sense of the word.

Consider the pension and insurance funds. Their growing power has become one of the main preoccupations of the Wilson committee. Despite the fact that far too little is revealed about the way these funds invest, the TUC does not call for greater disclosure. Instead its main demand is that these funds be harnessed more closely to the industrial strategy. It proposes that they contribute to a fund which would be under the control of a Steering Committee on Finance and Investment. This Committee would have a tripartite membership drawn from Government, management, and the trade unions.

Greater influence

The TUC also turns its attention to the Bank of England. Interestingly it does not want "to integrate the bank more into the Government machine," recognising that its quasi-autonomous ways give it greater influence in the City. The TUC argues, with some justice, that "there is an unnecessary mystique surrounding the Bank of England which is not helpful to public confidence and account-

ability." But the suggested cure is inevitably that there should be more trade union officials on the bank's court or board. In this way the Bank will make its "proper" contribution to the industrial strategy. Whether the public would learn more about the bank's activities is open to doubt.

The thrust of the TUC's evidence is only thinly disguised. It is aimed at increasing Trade Union and Government influence over the financial institutions rather than at making them more available for scrutiny by the informed public. Play down the City's contribution to the balance of payments the TUC comes out against a relaxation of exchange controls and suggests that the Government should establish a Foreign Investment Review Agency. This will monitor plans by British industry—and by multi-nationals in particular—to invest abroad. Again this agency will have its trade union representatives.

Statutory powers

Finally, the TUC feels that the City's new "watchdog," the Council for the Securities Industry, should have statutory powers and that its membership should be chosen by the Government to include industrialists, consumers—and trade unionists. In the case of many of the City's institutions—and this applies to the Council for the Securities Industry as well—there is undoubtedly a feeling of a private club whose workings are none of the public's business. The best result of the Wilson Committee's efforts is that a lot of people have learnt a great deal about how these financial institutions work. As the TUC recognises, this exposure has done good already: it has acted as a catalyst for change and has spurred banks and investing institutions and the Government into taking actions which would not otherwise have been taken.

More openness and more public scrutiny are the surest road towards more accountability. It is this brand of accountability which the Committee should continue to push for in its continuing research and final report. It should not seek to replace the secrets of the private business club with the opacity of economic dirigism.

New policies in Venezuela

THERE WERE general elections on Sunday in Venezuela. The first results indicate that the opposition candidate, Sr. Luis Herrera Campins, a Christian Democrat, has captured the Presidency from Sr. Luis Pineda Ordaz, the standard bearer of the ruling party, Acción Democrática, a mildly social democratic grouping.

There is a sense in which the first piece of news is more important than the second. After a century and a half of independent existence, the young government, not to mention democracy, was at a discount. Venezuela seems to have taken the ballot box to its heart. The country has enjoyed two decades of a parliamentary régime during which the two main parties have alternated in power. From being the most chaotically governed country in Latin America Venezuela has become one of the best governed and its electoral practice has become a model for all its neighbours on the South American continent.

Maturity

The campaigning procedure of the two main parties was hard fought and fuelled with large quantities of money but at the same time the smaller parties of the left and the right were given full opportunity to state their case on the media. All Venezuelans over 18 were invited to vote freely and secretly and indeed threatened with stiff fines and civil disabilities if they did not. The identity of the winner is of secondary importance to the fact that in a turbulent and generally badly governed region Venezuela has shown remarkable political maturity and sophistication.

If Sr. Herrera is confirmed as President he will tackle Venezuela's problems in much the same way as his rival Sr. Pineda would have done. Neither of the two men has the ambivalence of Sr. Carlos Andrés Pérez, the present head of state, and both are committed to trying to solve Venezuela's domestic troubles before they take up once again the ambitious foreign affairs initiatives started by him.

The thrust of government in

the next five years will be less on starting big new development plans and rather on completing successfully those that have already been started. Venezuelans have realised that their development depends on more factors than the simple beaver of a ruling party, Acción Democrática, a mildly social democratic grouping.

The new government, facing as it does a balance of trade deficit, will become more financially prudent than President Pérez has been and will doubtless put even more emphasis than he has done on the need to train Venezuelans to the peak of competence so that they are able to manage the most complicated technological jobs. Venezuelans are managing with a great deal of success the oil industry that President Pérez nationalised three years ago and their management potential is therefore proven. Turning that potential into skills in other fields than that of the oil industry will demand time and patience.

Foreign aid

It would be a pity, however, if the new president were to throw over all Sr. Pérez's foreign policies too quickly in favour of domestic issues, however pressing. The Pérez administration has used the country's financial leverage to good effect. It has made Venezuela into a big provider of foreign aid, it has assumed a leading role in the Third World and in men such as Sr. Manuel Pérez Guerrero has provided experienced negotiators in the North-South dialogue. In the Western Hemisphere it has behaved forcefully and wisely whether this meant supporting Bolivia's desires for access to the Pacific Ocean, or moving against the excesses committed by the Government of Nicaragua, or giving practical assistance to the struggling new countries of the Commonwealth Caribbean. Much of what President Pérez leaves must be retained and built upon.

LIKE OTHER extremely rich men, Herr Friedrich Karl Flick has only to appear in public to cause a minor sensation. There is the flurry of police cars and bodyguards, though these are normal nowadays even for lesser West German industrialists. There is the bustle of attentive aides, opening doors, carrying briefcases, checking microphones and pouring mineral water.

When Herr Flick called a press conference at a Dueseldorf hotel the other day, there was more than the usual expectant buzz of interest. He had come to report in person on what he has been doing over the past three years with the tidy sum of DM 1.9bn (£508m), the proceeds of his group's sale of 29 per cent of the shares of Daimler-Benz, flagship of the German motor industry, to Deutsche Bank in January, 1975.

In previous years, Herr Flick has usually left it to his school-friend and right-hand man, Herr Eberhard von Brauchitsch, to discuss with journalists the group's annual financial results. Herr Flick himself is a shy man. Though he courteously greets everyone present, this year, it seemed to many that he found it something of an ordeal to answer questions for nearly two hours about his affairs.

Yet when he slipped away after an early dinner with his guests, Herr Flick had not only sketched out for the first time his own plans for the future of one of Europe's biggest surviving privately-held industrial groups. He had also perhaps finally established himself in the public eye as master of the house, nearly six and a half years after the death of his father, Herr Friedrich Flick, the founder of the concern and a legend in his lifetime.

It has not proved easy for the successor fully to come into his inheritance. Friedrich Flick, who rebuilt the huge business empire after World War I and rebuilt it after World War II at the age of 70 and kept close control almost to his death at 89, would have been a difficult father to succeed in any circumstances. He had been involved in litigation against his elder son, Otto Ernst, whose abilities he doubted. Otto Ernst died in 1974. Tension between Otto Ernst's three children and their uncle, Friedrich Karl, continued for several years more until, in January, 1975, they accepted a cash settlement of over DM1bn in exchange for giving up their shares.

It was widely believed at the time that Herr Flick's sale of three-quarters of his 39 per cent stake in Daimler-Benz was the direct result of this family peace treaty and of his need for cash to buy out the three young Flicks.

He emphatically denies today that the two transactions were directly connected. As he ex-

plains it, the beginning of 1975 was an opportunity to make a fresh start on a series of structural problems that had become pressing, and to deal with the complications of the past. He had already decided that he could do better with his money than to leave it tied up in Daimler-Benz. So, after inconclusive contacts with the Shah of Iran, he sold out to Deutsche Bank.

The problems that faced the Flick group were broadly comparable with those that have troubled other big German industrial companies in the 1970s. Herr Flick lists the sharply steeper rise of labour costs than of productivity, the increase of tax and social insurance rates, the upward movement of the Deutsche Mark, the saturation of many traditional markets, and the increasing handicap for West German companies in competing in markets for what he calls "products containing little know-how."

These difficulties affected most of the Flick group's major interests. On the foundries, steel and allied side, the group owned a series of small operations, now consolidated into the 96 per cent-owned Buderus, which suffered from fragmentation and uneconomic operational size. Buderus Edelstahl, producing stainless and special steels, for example, was too small to compete with the large investment in this field of the major integrated steel companies.

Krauss-Maffei, the builder of tanks, locomotives and specialised plastics injection moulding machinery, was suffering the familiar feast-or-famine pattern of defence contractors. Dynamit Nobel, with little prospect of long-term significant growth from its traditional explosives sector, needed large investments in chemical plant and secure sources of feedstocks.

Rising labour costs

Feldmuehle, the European Community's largest paper and board manufacturer, suffered from obsolete capacity that was too heavily geared towards specific product lines while lacking flexibility. Maschette, the Flick group's remaining steel producer, was too small to stand up to the combined pressures of rising labour costs and of price competition both from the major West German groups and the north Italian independents.

Beyond these specific problems, Herr Flick, Herr von Brauchitsch and their fellow directors felt that for a group with sales of over DM7.3bn (in 1977), Flick was too heavily dependent on West Germany, alone. As the chairman, Herr Flick himself put it, "I felt that the lack of international exposure would greatly impede the future of my



Eberhard von Brauchitsch

company. The Flick group would have been threatened by stagnation and in the long run by contraction without a basic change in policy and an opening up towards an internationalisation of its activities."

This was not all. In order to benefit to the full from West German tax legislation, and specifically from provisions of the income-tax and Foreign Investment Act offering exemption from capital gains tax, the proceeds of the sale of the Daimler-Benz shares had to be reinvested before the end of 1975.

Would Herr Flick have to pay this capital gains tax on some, if not all of the enormous rise in the value of the shares since his father, on a memorable day in 1955, had quietly announced at the motor company's annual meeting that he controlled nearly 40 per cent? To commentators, some of whom almost gleefully predicted that so huge a sum could never be placed in time to qualify for preferential tax treatment, Herr Flick has had the last laugh. Of about DM 1.9bn, some DM 1.23bn has been granted favourable tax status. Investments worth a further DM 445m have been announced and will almost certainly qualify once remaining bureaucratic hurdles have been passed.

From the beginning, Herr Flick and his advisers have insisted that they were not looking for investments merely to beat the tax collector, and indeed they will not entirely succeed in doing so. Herr Flick may also have been anxious to defuse some of the exaspera-



Friedrich Karl Flick

tion that has built up among West Germany, taking the group for the first time into the growth area of services. Each of the major industrial subsidiaries has been substantially strengthened, and investments made or set in motion that will eventually cost DM 900m more than the DM 460m in new equity capital already injected. At the same time uneconomic activities have been pared away, most spectacularly with the sale to the Klockner group of Maschette for some DM 267m, which will be completed on January 1.

No aspect of Herr Flick's spending spree has excited more interest than his two big acquisitions in the U.S. Nearly two years ago he acquired 12 per cent of W. R. Grace, the chemicals group now diversified into a wide range of activities. This stake has been built up to 31 per cent, for a total outlay put by Herr Flick at DM800m. The idea for this seems to have grown out of his long-standing friendship with Mr. Peter Grace. An overlap with some of Herr Flick's German interests has led to a brisk two-way traffic in research scientists and in know-how.

In early June, Herr Flick made a second major acquisition in the form of 34.5 per cent of U.S. Filters, an energy service, pollution control, and water treatment specialist, which fits perfectly in with Herr Flick's view that industries geared to cleaning up the environment are a good long-term growth proposition. Here, too, there is a good deal of common ground with the group's German interests. There is also a potential problem with

the U.S. anti-trust authorities, for Grace and U.S. Filters are competitors in fluid cracking catalysts. This has led Flick to place its U.S. Filters shares in trust until the matter is resolved.

There will be those, undoubtedly, who will reproach Herr Flick for not showing more sense of adventure. He has still not cared to go into such fields as electronics, preferring as one Flick director put it, "to stick with things we know about." A slightly bolder gesture has been made with the strengthening by some DM25m of the project Engineering Company for Chemical Processes (PCV), which is to carry out intensive research into coal technology, chemical engineering, and pollution control.

No doubt Herr Flick feels this is more than enough to be going on with, though both he and Herr von Brauchitsch clearly have plenty of energy left for fresh departures in a few years' time. But what of the future of West Germany's largest remaining private industrial fortune? Whether Herr Flick's two small daughters will one day take over or not, the group was transformed just over a year ago into a new corporate form, the somewhat old-fashioned Kommanditgesellschaft auf Aktien, a partnership between individual shareholders and several general partners of unlimited liability and with full executive responsibility. At the time, Herr von Brauchitsch did not discourage the view that this might ease introduction of a Flick public share issue—"but not for ten or 20 years."

MEN AND MATTERS

Switching cargoes in mid-stream

"I keep to the middle of the road in a steady current," is how Ken Fraser describes his canoeing, an activity he pursues in the placid waters of the Thames near Kingston. But he thought I might suggest that he risked a "touch of white water ahead" now that he is to become industrial director of the National Economic Development Office.

At present head of marketing with Unilever, he will be the first man to bring this kind of experience to the post. Not surprisingly, he thinks that management should take marketing more seriously and unions be better informed of its importance.

After two years' secondment to NEDO he is to return to Unilever, which has undertaken to make up his salary while he is drawing the lower pay of a NEDO director.

Fraser, 49, believes there should be more exchange

between Quangos and industry. "The U.S. is much better at that than we are."

A "broadening" experience is how he describes his temporary transfer and says he has done a lot of "interfacing" with governments, both for Unilever and while chairing the marketing commission of the International Chamber of Commerce, and the Confederation of British Industry's Marketing and Consumer Affairs Committee. He believes the importance of marketing is beginning to be appreciated by industry—pointing to the way the CBI for the first time this year debated the matter.

"I hope I will be useful in selling GB Ltd," he says. As for the possible "white water," this did not seem to worry him: "I have capsized but always bobbed up again."

Mythical miles

The danger of being knocked over by a poorly jogger will rapidly diminish after Christmas. That at least is the devout wish of Campari International, which is marketing the ideal gift for the discreet glutton—a running machine. No longer, says the company, need the fat man endure the giggles of those taking gentler exercise. He can run as far as the likes, in private, on his fun-run machine, whether the mechanical one at £70, or the "slightly more attractive" electronic model, each with a "pacer" and a no-cheating mechanism.

Looking like a weighing machine, it can be installed in the busy executive's office for lunch-time work-outs. "Who," asks Campari International with a rhetorical flourish, "wants to run round smog-infested city streets?"

Indeed, it only remains for someone entreprising to arrange office holidays for this busy executive of whom we

hear so much—perhaps with a film show of the beach he was too busy to visit, the pre-recorded sound of the surf soothing his gangled nerves, and a warm Mediterranean breeze produced by a simple adaptation of the air-conditioning system.

Times future

"Have you ever wished you were better informed," read the Times posters. A plaintive message to the would-be readers of the paper, but one that John Barton, deputy manager of the marketing division of the Times group, tells me will be kept for the time being. "A little pre-emptive" is how he thought cancelling the poster bookings would be, but he did say that the Times was not booking new space.

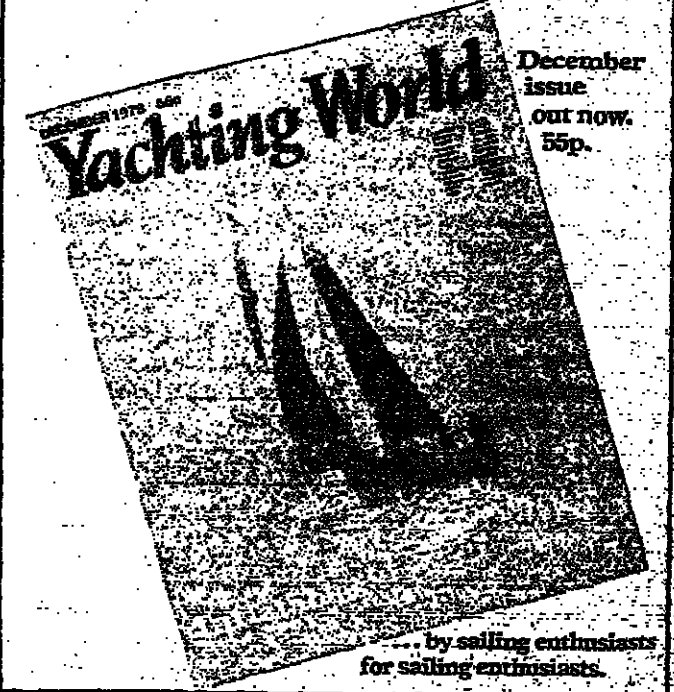
This, or so Barton says, is for no less than 15 factors, of which "not least is the need for research on the effectiveness of the campaign."

Barton is proud of the awards the Times won for its advertisements on London Broadcasting Company. I had not heard them but when I asked what jingle had been used, Barton was shocked. "What a jingle on the Times! Good God!" He would not be drawn on how much the advertising budget had been though Media Expenditure Analysis record that the Times's expenditure on TV, press and magazine advertisements in the year to September 30, 1978 had been £96,700—one-quarter of what the Sunday Times spent, but far less than the £811,300 spent by the Daily Mail and £1,366m spent by the Sun.

With the Times due to return "possibly within the next month, weeks, or days" advertising, Barton says, must continue. As for its not booking new space in publications this, he claims, is in part a seasonal factor. "It is in part a seasonal factor."

Armchair cruising

It's nearly Christmas and time to think about next year's holidays. Our December issue includes a special Cruising Feature, plus an Eric Hiscock article on the problems of errant compasses. Or if you're thinking about buying a yacht tender be sure to see our test report on the 20 inflatable dinghies we tested last month. There's a fully illustrated report on the World Speed Record Week at Portland, plus articles on the Quarter Ton Cup, the Offshore Racing Council Meetings, all our usual features, and the unique brokerage section with hundreds and hundreds of boats for sale.

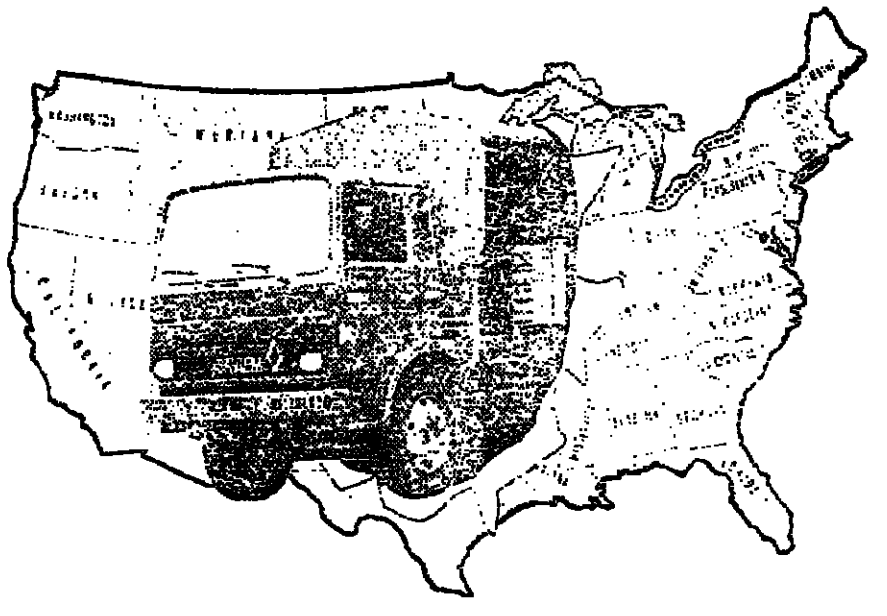


December issue out now 55p.

Observer

مكتبة الأصيل

The new European attack on the U.S.



TOM RINGSTAFF of Dunbar, about their technical ability to West Virginia, has just bought a European truck, and after driving it for 5,000 miles in two weeks, he thinks the low fuel consumption is "really great".

Mr. Willis of Jacksonville, Florida, bought one in the middle of September and was so pleased with its performance, delivering hard core to repair the city's streets, that he has ordered three more.

It is the reactions of customers such as these which will determine the success or failure of the new European assault on the U.S. truck market. It is a huge market—more than 3m vehicles a year—and one that up to now has attracted little interest from foreign suppliers except at the lighter end, where Japanese "pick-ups" are very popular. The big European truck markets have no doubts

about their technical ability to compete in the U.S. They are now taking steps to carve out a share of the business.

There is, moreover, a special opportunity presented by the trend towards diesel-powered trucks in the medium-duty segment of the market. These are what the Americans call Class 6 trucks, weighing between 19,501 and 26,000 lbs (9 tons to 11.8 tons). Last year only 8 per cent of the trucks sold in this category were diesel-powered—11,000 out of a total of some 138,000 units—but the growth of diesel trucks, with their superior fuel economy, is expected to be rapid.

The Europeans believe that they have the products and the know-how to capture part of this growth, as well as making inroads at the heavy end of the market (Classes 7 and 8) which is already largely dieselised.

The market can be attacked either by shipping built-up trucks from Europe or by having European-designed trucks manufactured wholly or in part in the U.S. Three European groups will definitely be sending built-up trucks across the Atlantic. They are Iveco, the joint concern 80 per cent owned (and managed) by Fiat of Italy and 20 per cent by Klockner-Humboldt-Deutz of Germany; Renault-Industrial Vehicles, the commercial vehicle arm of the State-owned French group which brings together Saviem and Berliet; and Volvo of Sweden.

THE AMERICAN COMPETITION
Heavy-duty Trucks
(Class 7 and 8, above 26,000 lbs)

	1978	1977
Intl. Harvester	22,778	17,534
Ford	14,127	13,721
Mack	13,703	11,052
Gen. Motors	10,969	9,131
Kenworth	6,993	5,779
White	5,161	4,536
Freightliner	5,201	4,757
Peterbilt	4,640	4,218
Others	1,483	1,338
Total	88,675	72,536

Medium-duty Trucks
(Class 6, 19,501-26,000 lbs)

	1978	1977
Gen. Motors	26,219	24,015
Ford	23,766	24,567
Intl. Harvester	13,857	15,729
Others	896	2,612
Total	64,738	66,923

* Including Chevrolet and GMC.
* Including Autocar and Western Star.

Source: R. L. Polk

Renault hopes shortly to complete a deal with Mack of the U.S. so that Class 6 trucks built in France can be on the American market through Mack outlets next August. The trucks will carry the "Mack" badge.

Renault is nothing if not ambitious. Its target is to sell 1,000 trucks in the U.S. in the

January. By 1981-82 it hopes exports to the U.S. will be 3,000 trucks a year. Freightliner is owned by one of America's largest haulage companies (more than 5,000 trucks of its own) and has 200 distributors. Iveco is the only European company setting up its own dealer network. Ray Roudon, president of Iveco Trucks of North America, says he will be disappointed if Iveco does not sell 3,000 units next year, most of them in Class 6 but also a small number in the heavier Class 7.

Some European manufacturers, however, doubt whether there is much profit to be made out of shipping built-up trucks to the U.S.

Mr. Plot Van Dorne, president of Daf Trucks of Holland, believes that the fall in the value of the dollar against European currencies makes such shipments uneconomic. Attempts by European manufacturers to penetrate the U.S. market "will only prove a success if they are prepared to accept very considerable losses on this business because with currency values as they are at present, they will just have to buy their way into the market."

Mr. Van Dorne is one of the few European truck makers with some experience of the United States. Daf Trucks, with International Harvester in 1972 partly to see if trucks could establish themselves in the U.S. But exchange rate changes made them too expensive.

International Harvester has a 33 per cent stake in Daf Trucks, but the partnership has not yet yielded the advantages that had been hoped for. "The two companies each have their own attitudes and ways of working which are difficult to keep in arrangements which will take effect at the retail end in

experience highlights the potential dangers involved when companies with entirely different approaches attempt joint ventures.

The tie-up between the West German group MAN (Maschinenfabrik Augsburg-Nürnberg) and White Motor, of the U.S., reverses the International-Daf situation. A large European company is buying into an American truck maker—acquiring a 12.4 per cent shareholding at a cost of \$15.6m—in order to establish a presence in the U.S.

Herr Otto Vuisard, the main Board director who is chairman of MAN's commercial vehicles division, tends to agree with Mr. Van Dorne. The whole point of the deal with White, he points out, is to develop a truck for the American market "in America"—but we hope to use some European components in it."

MAN's research indicates that capital-intensive products like the new engine and rear axles it has developed as part of a joint venture with Volkswagen in Germany could be competitive in the U.S. as long as the dollar retains a "reasonable" value of about DM2.

However, "we would be willing to make the new truck entirely from U.S. components if this is required to make it a success."

MAN's much larger German competitor, Daimler-Benz, may in the long run prove to be the strongest foreign challenger in the U.S. truck market. It is shipping trucks into the U.S. from its Brazilian subsidiary, but there has long been speculation that the company will one day start truck manufacture in the U.S. At present its only manufacturing interest there is Euclid, formerly a White Motor subsidiary, which makes off-highway dump trucks.

Letters to the Editor

EEC fishing issue

From the Scottish Vice-President, The British Fishing Federation.

Mr. White, I accept that, Mr. Rutherford, the EEC may have been trying, presumably with the aid of some inspired but unacknowledged Whitehall leak, to outline the realities of "playing the EEC game." I am horrified at the way in which the EEC has been playing the game, and I think perhaps an equally important reality which Mr. Rutherford has not pointed out is that the UK media, and more importantly a united UK parliament and the Prime Minister, now recognise the basic justice of the UK fishing case. Indeed, are beginning to realise that a fair renegotiation of the common fishing policy has become the major current test of the Community's political integrity. If Europe is to achieve its ambition of becoming a major political force, its internal policies must be seen to be just and the Community's ability now to carry out a fair renegotiation of its fishing policy has become a test of its ability to adjust equitably to changing world conditions (the world movement towards 200 mile limits in the fishing case) and to ensure a consistent and fair application of the principle of ownership of resources within its member states.

The fishing industry is neither pro nor anti-Europe and it must not, as inferred by your article, be allowed to become a political football between the pro and anti-Market forces. Everyone has assumed that John Silkin has taken up the UK's fishing case so strongly in Europe because of his well-known anti-Market position. I would suggest perhaps more important factors have been the indisputable strength of the UK's case together with the unbelievably selfish stance so blatantly adopted by the other eight countries trying to adhere to a completely outmoded fish regime.

Jan C. Wood,
The John Wood Group
(Aberdeen),
Rath Road, Aberdeen.

A policy for pay

From the Chairman, Elite Engineering.

Sir—As a monetarist Professor D. Johnson (November 27) asks the question "What will be the unemployment cost of not beating inflation?" Unfortunately he does not give an answer to that question nor to the more important question of how to provide a satisfactory solution against inflation. He does, however, give us a clue in amplifying Prof. Moore's letter of November 10 by referring to "a simple tax on excessive wage increases."

Employers in industry bear the brunt of the real situation today and have to ask themselves, "Is it better to compromise and live with another day or go down fighting on a principle like 'The Times'?" Neither the CBI nor large employers can do much to change the real situation they find themselves in. Firms like Ford can lose millions fighting—only to give in later with many excuses as to why it won't cost anything in their case, forgetting that parity is what the problem is ultimately about, and that they will face the same blackmail next

Letters to the Editor

Where the money goes

From the Vice President, Economic News Agency.

Sir—With reference to Mr. Gordon Richardson's speech to the Institute of Directors and your own editorial comment (November 29), may I humbly point out that you both ignore some important fundamental aspects of shareholding.

Last year the amount of money that changed hands in Britain through the services of the Stock Exchange was approximately £110bn whereas the total sum of new money raised by the SE reached only £9.5bn.

This means that out of every £1 spent by the public (institutions and individuals) on buying shares, only about 8p went towards investing in British industry and business, and the rest can be only regarded as a vast gambling fund which added nothing to the gross national product. It ought to be mentioned at this stage that the new money raised by the SE was 42 per cent less than the figure quoted for last year.

Please consider that out of £110bn not a penny went to industries and businesses whose shares were traded because they had received their cash when the shares were initially issued.

If some of that enormous sum was channelled towards investing in British industry, the future of this country could be viewed with some optimism even if one considers the deleterious effect of the power and mentality of the unions who have yet to learn that production leads to riches.

This is the subject which should be discussed by the Governor of the Bank of England, your goodwill and every Tom, Dick and Harry who cares about the welfare of Britain.

George H. Lane,
12 Petersham Place, SW7.

Velocity of money

From Mr. R. Golding.

Sir—The monetarist explanation of inflation cogently outlined by Professor D. W. Johnson (November 27) relies basically on the fact that a prior expansion of the money supply is needed to finance across-the-board "inflationary" wage claims. According to the monetarist school, unless the money supply is increased, individual employer putting up his prices in response to large wage claims, with merely that demand for his product, and therefore his demand for labour, falls. The initial result of this process is a smaller workforce employed at a higher wage rate, although the final equilibrium in this situation will depend upon trade union strength vis-a-vis the unemployed.

Essentially the monetarist position is therefore a different from the Keynesian classical pre- and Keynesian supply and demand theory—a reduction in the supply of labour bringing about an increase in its price.

The weakness of the monetarist position is that they believe that a rising general level of prices can only be brought about by an expansion of the money supply. The above example of employer putting up his prices in response to demands and then finding demand for his product falling, it is perfectly possible for

Paying bills

From Mr. I. Baillie.

Sir—As an American living in London I receive each month a number of personal accounts from suppliers of goods and services in both Britain and the U.S. When my wife and I come to pay these we find almost uniformly with our U.S. suppliers a neat tear-off remittance slip indicating clearly the amount payable and a printed return envelope; payment of the account is therefore a relatively

Letters to the Editor

Lead in petrol

From Mr. N. Albery.

Sir—Mr. Denis Howell, Minister of State in the Department of the Environment, admitted on the BBC Nationwide TV programme on November 16 that he would like to reduce lead in petrol to the low West German levels (in order to protect children from possible brain damage), but that "the cost to our balance of payments would be about £200m a year."

The Department of Transport claims that this £200m cost would arise from an additional demand for crude oil that the more severe refining processes for low lead petrol would require.

This fear, however, seems to be unfounded. I have communications from the West German Government which state that "a significant increase in the demand for crude oil in the Federal Republic has not occurred." Furthermore, it can be concluded that the reduction in lead concentration does not involve an increased energy requirement. Nor has the West German consumer suffered. "The remarkable success of the Low Lead Petrol Act in reducing the atmospheric lead concentration by almost two thirds in the centres of our main cities has been achieved without any additional cost to the consumer."

The oil refineries are the main group Mr. Howell is protecting by his delay in taking action. But again the West German experience is instructive. "The overall investment of all 25 refineries—DM 377.5m—(costs of meeting the requirements of the Low Lead Petrol Act) is nowhere near the total of DM 1bn predicted and published by the industry."

Since the experience of the West German Government indicates so conclusively that Mr. Howell's professed desire for a stringent cut in petrol lead levels is economically feasible, and since recent scientific research points more and more clearly to the dangers to health from lead in the atmosphere, I hope that MPs in the current session of Parliament will ensure that steps are taken to make the necessary alterations to the Lead in Petrol Regulations of 1975.

Nicholas Albery,
107, Preston Road, W11.

Bill of lading frauds

From Mr. S. Gershon.

Sir—The daily work is closely connected with documentary credit operations, I was interested in your correspondent's article on recent "bogus bill of lading frauds" (November 27). There are two Latters which everyone in commerce should learn—" caveat emptor " (let the buyer beware). If this motto applies to someone buying an article for 50p in a street market, then surely applies equally to the more serious case of an executive of a trading company who buys a job-lot, or some other bargain priced goods, for £1m or more.

Since there has, of late, been some implied criticism of the role played by the banks in such transactions, it should be appreciated that, as far as the banks are concerned, if a customer instructs his bank to open an irrevocable credit in favour of an overseas supplier, the bank is entitled to assume that its customer knows his business, and the risks he may be running. As is well-known, a bank handling a documentary credit operation deals in documents, not in goods. Provided that the correct documents are presented, or documents which appear, on the face of it to be in order after being checked against the credit requirements with reasonable care, (and the degree of care applied can always be challenged before the Courts, if desired) the banker cannot do otherwise than effect settlement, without falling in his duty towards his customer, as well as in his obligation towards the beneficiary of the credit.

If anyone prepared to suggest that a bank employee should be credited with an ability to spot a forged bill of lading greater than that of his customer to spot a rogue supplier?

The fact remains, as has been repeated many times over, that knowledge of one's trading partners is of paramount importance. A buyer can, in a letter of credit, call for all sorts of certificates and declarations, but there is no absolute protection against the machinations of an unscrupulous supplier. At the end of the day, one has to depend on the supplier's integrity, and if this is in any way in doubt, or uncertain, a contractual relationship with-

Illogical positions

From Mr. R. Turton.

Sir—Extreme monetarists like Professor D. Johnson (November 27) are guilty of oversimplification when they argue that the only cause of inflation is an increase in the money supply. If one factor in an equation is kept constant then of course all other factors can be made to appear, by simple mathematics, to be wholly determined by it.

One might as well argue, with equally irrefutable statistical proof, that trade unions are the sole cause of inflation. That the money supply determines only the level of unemployment, and goes with this inflation. And therefore, that the Government can achieve nothing by controlling the money supply. Both positions are equally illogical.

Romilly Turton,
31, Fens Way,
Hextable, Kent.

Today's Events

4 pm. Room 8. Defence and Federal Affairs sub-committee. Subject: Overseas Representation. Witnesses: Foreign Office. 5.15 pm. Room 10. Science and Technology. Technological Innovation sub-committee. Subject: Technological Innovation. Witnesses: Central Resources Unit of the "Glasgow Group". 3.20 pm. Room 15. COMPANY RESULTS. First dividend: Flexcel, Castors and Wheels, Irish Distillers Group, Banks, Horik, McDermott, Interim dividends: Bankers' Investment Trust, Bristol Evening Post, Charles Capel and Leonard Plessey and Co. Interim figures: Smith and Nephew, Associated Companies (3rd quarter). COMPANY MEETINGS. See Company News, Page 21.

Second day of EEC Summit meeting in Brussels on European Monetary System.

Prince Charles opens Anglo-American conference on alternative energy sources, London.

EEC Budget Council meets in Brussels.

U.S.-USSR Trade and Economic Council meets in Moscow.

World Management Congress opens in Delhi (until December 8).

Meeting of U.S.-Soviet Joint Commercial Commission in Moscow.

Report on activities of South African Department of Information made to Parliament.

OFFICIAL STATISTICS. London clearing banks' monthly statement (mid-November). UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-November).

PARLIAMENTARY BUSINESS. House of Commons: Education Bill, second reading. Motions on Social Security (Contributions, re-rating) Order and (Earnings Limits) Amendment Regulations. House of Lords: Scotland Act (Referendum) Order. Land Registration (Scotland) Bill, second reading.

Select Committees—Nationalised Industries. Subject: British Aerospace report and accounts. Witnesses: British Aerospace.

DON'T WASTE YOUR TIME IN SOUTH AMERICA.

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COMPANY NEWS

Swan Hunter cut-back by shiprepair losses

A TURNAROUND of over £5m in a trading loss of \$1.22m by the ship-repairing division has left the Swan Hunter Group with a trading deficit of £310,264 for the year ended June 30, 1978, compared with a profit of £3.22m in the previous 18 months.

Taking into account share of trading profits of associates of £557,499 (£1.15m) and investment income and net interest receivable of £2.31m compared with £2.22m, the pre-tax balance emerges at £3.16m compared with £7.29m.

A scheme of reconstruction is proposed involving the liquidation of the company as a result of which holders will receive cash and ordinary shares in a new holding company called Gosforth Industrial Holdings. Funds surplus to group requirements estimated at between 130p and 145p per share will be returned to Swan holders who will also receive Gosforth shares.

In view of the timing of this scheme there is to be no final dividend so the interim 3p already paid will compare with a total of 10.1502p for the previous 18 months. The board of Gosforth hopes to recommend dividends of 2p per share for the period ending December 31, 1978.

See Les

Atkins down at halfway

REFLECTING A lower temporary employment subsidy and final costs involved in changing the trading pattern of a subsidiary, pre-tax profits of Atkins Brothers (Hosiery) were down from £243,696 to £185,352 for the six months to September 30, 1978.

The directors state that if these two factors were excluded there would have been a small increase in profit for the period, temporary employment subsidy was down from £84,720 to £72,500.

Turnover was ahead at £482m against £464m and tax for the first half takes £90,000 (£125,000). The interim dividend is increased from £1.25n to £1.375n net per 25p share—last year's final was £4.22p paid from record profits of £326,000.

The directors state that the textile trade in general remained sluggish for the first few months of the year but recently there had been some signs of growing confidence, and brighter prospects, with improving order books.

But they add it now remains to be seen what effect the recent increase in M.R. will have upon the consumer market.

HIGHLIGHTS

Swan Hunter's reconstruction has disappointed some of the optimists, but Lex suggests that the proposals are likely to be accepted. Also covered in the Lex column is London and Overseas Freighters where trading losses are unchanged but there are higher ship sales. Elsewhere, Group Lotus appears to be on the mend, but the tougher conditions in the construction industry has reduced the growth rate achieved at Matthew Hall after nine months. Marshalls Halifax looks set to maintain its trend of record profits after a 23 per cent gain at the halfway stage.

Bremner just ahead midway

PRE-TAX PROFITS of Bremner and Company, general warehouse concern, finished the half year to July 31, 1978, just ahead from £195,777 to £202,020 and the directors state that subject to the important Christmas trade it is hoped that the improvement will be maintained. For the previous year, profits had fallen from £383,175 to £463,000.

The interim dividend is increased to 1.1p (1.018p) net per 25p share, last year's final payment being 2.8p.

The pre-tax figure included interest receivable, lower at £42,320 against £68,769, and was subject to tax of £32,136 compared with £104,029. Net profit came out at £119,884 (£211,155) of which the dividend will absorb £80,720 (£136,028). The amount retained was £39,164 (£75,127). ACT already paid during the half year amounts to £76,126 against £79,022.

Armour Trust looks for further rise

The directors of Armour Trust are now in a position to face the future with cautious optimism and they look forward to a further steady increase in profitability. Mr. Christopher Lambourne, the chairman, told members in his annual statement.

As reported on November 23, the Trust achieved a turnaround from a loss of £178,000 to a profit of £232,000 in the year ended April 30, 1978. To conserve cash resources an dividend is payable for the period (same). Auditors, Bmder Hamlyn say that the aggregated statement of the assets and liabilities for

foreign subsidiaries includes directors' valuations of certain assets and estimates of liabilities which they have been unable to verify. And, therefore, they cannot express any opinion on the deficiency shown.

In the statement, properties (fixed assets) are shown as £254,000 (£201,000) at subsequently realised value, and £236,000 (£1,08m) at directors' valuation; debtors at directors' valuation £132,000 (£112,000). Creditors and estimated accruals are shown as £125,000 (£190,000). Net deficiency of assets are given as £2,27m (£2.13m).

Kleen-eze lower at 28 weeks

ALTHOUGH turnover increased from £3.75m to £4.32m, pre-tax profits of Kleen-eze Holdings, makers of brushes and cleaning devices, etc., fell to £235,856 for the 28 weeks to October 11, 1978, compared with £313,091 in last year's same period.

The directors point out that profits show an advance over last year's second half result of £178,544, and this improvement is believed maintained at present. Interim profits were after deducting factory reorganisation expenses of £28,500 (nil) and before tax of £222,643 (£362,774). The interim dividend is maintained at 0.875p net per 25p share, with waivers amounting to £24,825 (£29,003)—the 1977-78 final was 3.443p.

RECEIVERSHIP

The directors of Dreiholz and Flooring and J. J. Wright Engineering have asked their bankers to appoint a Receiver and Manager. He is Mr. Christopher Morris of Touche Ross & Co. The trading of the two companies based in Dereham, Norfolk, is continuing while the Receiver assesses the position. A further announcement is expected shortly.



Mr. Kenneth Kemp, chairman of Smith & Nephew, photographed with a range of the company's products. Results for the nine months period are being announced today.

First half rise for Marshalls (Halifax)

WITH DEMAND for its concrete products exceeding expectations Marshalls (Halifax) expanded taxable earnings from £1.07m to £1.31m in the half-year to the end of September 1978. Total sales improved to £14.58m, against £11.82m previously.

The directors are confident of the future expansion of the group and are encouraging a high level of investment—financial resources being more than adequate for the purpose, says Mr. D. R. Marshall, the chairman. He expects full year profits to surpass last year's record £2.15m.

The concrete division, which, with quarrying, last year contributed £1.24m to group surplus, lifted profit in the first half by 28 per cent on sales 31 per cent ahead. The main problem for the division was the production of sufficient volume to meet demand.

The chairman says that the outcome was helped by better productivity, created by a continuing policy of investment in new plant and machinery. The future prospects for the division are encouragingly healthy, he adds.

There was also a 24 per cent advance in profit by the engineering division but the performance of the individual companies in this section was uneven. Export business is essential to the expansion of this division, but a poor level of world-wide demand for the products of both Halifax Tool Company and Reliance-Mercery, coupled with consequently fiercer competition, is making it very difficult to maintain order levels. Mr. Marshall comments.

Nonetheless he is confident that the group will continue to have rather more than its share of the available business.

Matthew Hall ahead and forecasting £7m

RECORD PROFITS for the year at Matthew Hall and Company are forecast by Sir Rupert Speir, the chairman of the industrial engineering group. He says that the £7m mark will be achieved for 1978 compared with a previous £5.2m.

Results for the nine months ended September 30, 1978, show an advance in pre-tax profits from £4.35m to £4.85m and an increase in the interim dividend from 1.7606p to 1.906p net per 25p share. Also announced is an additional 0.0506p for 1977 on the reduction in ACT—last year's final payment was 3.3216p.

The engineering companies maintained their progress, the chairman stated, and the group is particularly encouraged by British Petroleum's recent announcement of a Letter of Intent in respect of design specifications and budgets for topside facilities for a production platform for the Magnus Field.

In mechanical and electrical services the multi-service company, Matthew Hall Mechanical Services, "will again produce very good results for the year." And the level of orders received so far this year, he adds, is again most encouraging.

The directors are of the opinion that this provision should continue to be made in respect of other categories included under deferred taxation.

Profit on trading: Oil, chemical and electrical 1.7606, 1.7606, 1.7606; Mech. & electrical 1.7606, 1.7606, 1.7606; Share of assoc. cos. 1.7606, 1.7606, 1.7606; Interest receivable 1.7606, 1.7606, 1.7606; Profit before tax 1.7606, 1.7606, 1.7606; Tax 1.7606, 1.7606, 1.7606; Net profit 1.7606, 1.7606, 1.7606; Dividend 1.7606, 1.7606, 1.7606; Less: SSAP 1.7606, 1.7606, 1.7606.

comment

Marshalls (Halifax) has a long unbroken run of record results and the current year looks set to maintain the trend. Taxable profits at the half-way stage are 23 per cent better thanks to an improvement in the contributions from both concrete and engineering divisions, says the chairman.

After tax of £174,000 (£142,000) half-yearly net profits rose from £142,000 to £174,000, giving stated earnings of 2.0p (2.4p) per 10p share.

Again no interim dividend is to be paid—the last payment totalled 2p net in respect of 1974.

comment

The convalescence at Lotus appears to be going well. Production has been raised by 10 per cent or so to an annual rate of 1,200 cars and the more efficient use of capacity has allowed pre-tax margins to rise to 7.7 per cent from 7.1 per cent last year. But the company remains in a delicate position. It has drawn down more of its American Express overdraft facilities to finance higher stocks and net borrowings of £1.5m. A large proportion of shareholders' funds (77 per cent at end-1977). In these circumstances Lotus is not in any rush to pay a dividend yet so to an annual rate of 10p or so.

Called the Ten Plus Flexible Policy, it offers regular savings over a 10-year period in a broad range of funds, with the expatriates combining their favourable tax status with investment since the policy is written by a fully tax-exempt Bermuda insurance company.

At the end of 10 years, the investor has considerable flexibility in the way the proceeds are taken. He can take it all in a lump sum, or as income through regular withdrawals, or can continue to pay premiums for a further 10 years.

Individual policyholders may be able to apply for the contract to be designed a qualifying policy if they intend eventually to take up residence in the UK. Once this has been obtained, all proceeds of the policy would be free of all UK tax providing that 10 years' premiums have been paid.

The minimum annual premium is £2,500 (£2,500 per month) and it is available between ages 20 and 64. The Bank of England would at present grant permission for a person returning to the UK to pay the premiums without the need to purchase investment currency provided the policy was taken out at least one year prior to returning.

DIVIDENDS ANNOUNCED

Company	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Atkins Bros.	1.25	Jan. 25	1.02	—	3.67
Bremner	1.1	Jan. 25	1.97	3.00	2.77
Davenport	1.97	Jan. 29	1.76	—	3.73
Matthew Hall	1.97	Jan. 15	0.88	—	2.85
Kleen-eze	0.88	Jan. 30	0.89	—	1.77
Marshalls (Halifax)	1.95	Feb. 8	0.87	—	2.82
Sonic	N/A	—	3.69	3	10.19
Swan Hunter	0.5	Feb. 28	0.33	—	1.03

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. ‡Includes 0.0806p for 1977 on reduction in ACT. §To reduce disparity. ¶For 18 months.

The directors say that no lower—after nine months. The deferred taxation provision relating to accelerated capital allowances will fall due to be paid within the foreseeable future. Consequently, provision for deferred taxation arising on these timing differences has not been provided for, and comparative figures have been adjusted accordingly.

The directors are of the opinion that this provision should continue to be made in respect of other categories included under deferred taxation.

comment

Compared with average profits growth of more than 40 per cent per annum over the past three years, Matthew Hall is having to settle for an increase of around 12 per cent in 1978. This reflects much tougher conditions in the construction industry, which has hit the important mechanical and electrical services division. Here, although the company appears to be doing better than

Midway rise for Group Lotus

FOR THE first half of 1978, Group Lotus Car Companies reports an advance in taxable profits from £285,000 to £247,000, on turnover ahead 10.3m to £4.5m.

Profits for all 1977 jumped from £16,256 to £33,674 and in September the directors said the current year had continued favourably but much would depend on ongoing improvement in the world economy.

After tax of £174,000 (£142,000) half-yearly net profits rose from £142,000 to £174,000, giving stated earnings of 2.0p (2.4p) per 10p share.

Again no interim dividend is to be paid—the last payment totalled 2p net in respect of 1974.

comment

The convalescence at Lotus appears to be going well. Production has been raised by 10 per cent or so to an annual rate of 1,200 cars and the more efficient use of capacity has allowed pre-tax margins to rise to 7.7 per cent from 7.1 per cent last year. But the company remains in a delicate position. It has drawn down more of its American Express overdraft facilities to finance higher stocks and net borrowings of £1.5m. A large proportion of shareholders' funds (77 per cent at end-1977). In these circumstances Lotus is not in any rush to pay a dividend yet so to an annual rate of 10p or so.

Plan for expatriates

A new contract aimed at enabling UK expatriates to turn high earnings into a future capital sum or to provide a pension, has been launched by Save and Prosper International Insurance, a member of the Ten Plus Flexible Group.

Called the Ten Plus Flexible Policy, it offers regular savings over a 10-year period in a broad range of funds, with the expatriates combining their favourable tax status with investment since the policy is written by a fully tax-exempt Bermuda insurance company.

At the end of 10 years, the investor has considerable flexibility in the way the proceeds are taken. He can take it all in a lump sum, or as income through regular withdrawals, or can continue to pay premiums for a further 10 years.

Individual policyholders may be able to apply for the contract to be designed a qualifying policy if they intend eventually to take up residence in the UK. Once this has been obtained, all proceeds of the policy would be free of all UK tax providing that 10 years' premiums have been paid.

The minimum annual premium is £2,500 (£2,500 per month) and it is available between ages 20 and 64. The Bank of England would at present grant permission for a person returning to the UK to pay the premiums without the need to purchase investment currency provided the policy was taken out at least one year prior to returning.

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For the whisky industry, insurance of stock is a traditional headache. Not only because the stocks necessary for blending are enormous. Or that they are constantly changing. Or even that they are frequently widely scattered locations. The real problem is that insurance companies, from time immemorial, have demanded a monthly inventory location by location.

That's the tradition Hogg Robinson thought the whisky industry could well do without. So we investigated the problems in depth, and were able to introduce an All Risks policy to cover all alcoholic beverages in any bonded warehouse. Which means, among other things, the end of the time consuming monthly inventories.

In other words all we did was to tailor insurance to match the requirements of our customer—not the other way around.

Jones Lang Wootton provide as part of their valuation service "Depreciable Amounts" for property assets under SSAP 12.

Today's company meetings

Acorn Securities, Reels House, King William Street, EC. 2.30. C.L.R.P. Investment Trust, 77, London Wall, EC. 10.45. City and International Trust, 25, Watling Place, 12. R. Goodwin (Eng.), Hoben Quarries Ltd., Basingstoke, 10.30. 2.30. Goldthorpe Properties, Winchester House, EC. 12. Hensher (Furniture Trades), Connaught Rooms, Great Queen Street, W.C. 12. Kalamazoo, Kalamazoo Works, Birmingham, 11.30. W. Tyack Sons and Turner, Royal Victoria Hotel, Sheffield, 12.

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BLACKWOOD MORTON & SONS (HOLDINGS) LTD.

Carpet industry affected by problems of overcapacity and worldwide uncertainty

* Excluding losses incurred by Blackwood, Morton & Sons (Canada) Ltd., now closed, there was a Group profit before tax and extraordinary items of £19,367 for the second half-year to 30th June 1978. This compares with a loss in the previous two half-years.

* The anticipated increase in home sales did not materialise until June and was offset by a decline in exports with the result that Group turnover for the second half-year decreased by some £433,000 compared with the corresponding period of the previous year.

* The Wilton and Axminster weaving factories incurred losses, whereas Thistletex Carpets Ltd., Cooke Sons & Co. (Hillington) Ltd., and our jute spinning mill were all profitable. The practice of offering goods at substantial discounts has become so common that even with a return to a more normal level of demand, it will be extremely difficult to re-establish reasonable profit margins for woven carpeting.

* The decision to cease manufacturing in Canada was a difficult one to make. Disputes with our employees were almost non-existent during the period that we manufactured in Canada and we have had the greatest possible co-operation from all concerned in carrying out

the closure. The land, buildings and plant have now been sold and the amounts realised exceed the book value. The decision was also made to close our warehouse in Australia and the land and buildings have been sold at a substantial profit over book value which will more than offset the other costs involved.

* The Middle East, Holland and West Germany continued to be our most important export markets, but the U.S.A. is becoming of increasing importance.

* The closures in Canada and Australia should enable us to reduce our overdrafts in the current year. No major capital expenditure is planned, but every effort continues to be made to minimise costs by increasing efficiency. New methods of making carpets are constantly under review.

* The improvement in home sales mentioned above has continued during the first three months of the current year although September was affected by the uncertainty regarding the date of the election and later by the threats to the Government's pay policy by large Unions. In the existing difficult market conditions we continue to strive to maximise sales at profitable prices.

Blackwood Morton & Sons (Holdings) Limited, Burnside Works, Kilmarnock KA1 4HB.

MINING NEWS

Noranda and St. Joe venture into Chile

BY PAUL CHESSRIGHT

THE DEVELOPMENT of Chilean Government policy permitting a private sector presence in mining ventures has come to rapid fruition with disclosures that Noranda Mines of Toronto and St. Joe Minerals of New York will move to development decisions during the first part of 1979 on two significant mineral deposits.

Noranda has completed feasibility studies for the development of the Andacollo copper deposit in Elqui province and has until next March to make an investment commitment. It holds 51 per cent of a joint venture with Empresa Nacional de Minería (Enami), the state mining agency.

St. Joe has announced the presence of a gold-silver-copper orebody, known as El Indio, which is high in the Andes about 300 miles north of Santiago. Engineering and feasibility studies are expected to provide the basis for a development decision early next year.

Both groups signed foreign investment agreements with the Chilean authorities last year, signalling a revival of foreign interest in the country's mineral wealth. Such interest had been at a low ebb following the nationalisation of U.S. copper interests in 1969-71.

The Noranda feasibility studies for Andacollo are based on exploration work carried out over the last 18 months and cover options available for the project depending on differing levels of copper prices.

Mr. Jorge Muxi, the manager of Enami, said, however, that the investment options are only probable at substantially higher copper prices than prevail at present.

Noranda Mines has until March 1979 to decide whether it is prepared to invest \$350m (£130.5m) in developing the deposit," he said. The project would have an annual output of 70,000 tonnes of copper.

Reserves at Andacollo have been put at 277m tonnes, grading 0.69 per cent copper. They are suitable for open-pit mining.

By contrast, the first announcement from St. Joe about reserves at El Indio indicates a much smaller deposit. So far 1.7m short tons of ore grading 0.17 oz of gold per ton, 7.1 oz of silver

per ton and 2.25 per cent copper have been delineated. Exploration is developing additional reserves. At present St. Joe is working out the feasibility of an operation mining and milling 1,000 tons of ore a day. The project is 80 per cent owned by Compania Minera San Jose, a St. Joe subsidiary, and 20 per cent by private Chilean interests.

The lead time at El Indio, from an investment decision to first production, would be between two and three years. At the larger Andacollo project, the lead time would be about four years.

Uranium values encourage Asamera Oil

THE PROSPECTS of establishing an existing oilfield in Saskatchewan have been enhanced by the latest drilling results from the Keefe Lake-Hendry Lake property. Asamera Oil Corporation, the operator, said from Calgary that it "continues to be encouraged."

Hampton Gold Mining Areas states that the bid approach from the Colonial Mutual Life Assurance Society is wholly unexpected and further clarification of the position is being sought. The Hampton Areas board is consulting its financial advisers, Samuel Montagu, and in the meantime it strongly urges shareholders to take no action in regard to their shares.

Hampton Areas adds that it was informed on Friday afternoon that Colonial Mutual Life has acquired 724,600 shares (13.9 per cent). At that time it was agreed that a meeting would take place in the early part of this week to discuss the possibility of Colonial Mutual Life making a general offer to all shareholders.

As reported yesterday, Colonial Mutual Life, one of Australia's biggest life assurance societies, has acquired its stake in Hampton Areas from CYP North Sea Associates for 150p a share, a move subject to Exchange Control consent. Hampton Areas rose 10p to 150p in London dealings yesterday.

Asamera holds 25 per cent of the project. Other shareholders are Saskatchewan Mining Development Corporation with 50 per cent, Kelvin Energy with 6.5 per cent, Reserve Oil and Minerals with 7.5 per cent and various private interests with the remaining 11 per cent.

What was called "good radiometric" has been encountered in 24 of 38 holes drilled. So far the zone of interest covers 800 feet by 125 feet. Radioactive intersections have varied from "trace" to 170 feet. "A very good result has been erratic, varying from 2.6 lbs per ton over an interval of 7 ft to 32.8 lbs per ton over an interval of 29 ft. The pace of drilling will be speeded up as more rigs become available. A second drilling rig started work recently and two more are expected to begin early in 1979.

RTZ TO ACQUIRE GERMAN PLANT

Rio Tinto-Zinc, the London mining group, has reached agreement in principle to buy Duis-

berger Kupperhütte, the loss-making German metals refining company. The price, officially described as a "nominal consideration," is 1 Deutsche mark.

The sellers, or more accurately the willing donors, of DK are the German chemical companies, BASF, Bayer and Hoechst, each of whom holds 31.44 per cent, and Gebrüder Knaul with 4 per cent and Bealke with 1.28 per cent.

In the past eight years the Duisburger DK has fallen from 4,200 to 1,850. Last year there was a loss of DM 25m (£8.6m). RTZ is not dismayed at the losses. A spokesman pointed out that DK's business was not unlike that of Copper Pass in the UK and the group fully expected to bring it back to profitability.

Pacific Copper at Torrington

AUSTRALIA'S Pacific Copper (the affiliate of Canada's Pacific Copper Mines) will own 57.5 per cent of the Australian Torrington wolfram project in New South Wales following the purchase of a 10.87 per cent stake from Hampton Areas Australia and the proposed acquisition of a further 5 per cent from Messrs. Gase and Aratig.

The remaining ownership of Torrington will be: St. Joe (Torrington), a subsidiary of the U.S. St. Joe Minerals, with 37 per cent and Messrs. G. S. and Shepherd holding the remaining 7.5 per cent.

St. Joe is to provide the A\$1.5m (£380,000) needed to construct the new plant at Torrington and has also paid A\$250,000 to Pacific Copper in reimbursement of the latter's earlier spending on the project.

As already reported, commercial production is scheduled to start next March and a five-year, renewable, sales contract has been negotiated with BOC Minerals, division of British Oxygen, for the sale of all Pacific Copper's share of the wolfram concentrates.

The deal is stated to allow Pacific Copper to take full advantage of high current prices while guaranteeing a satisfactory return at times of depression in wolfram prices.

Meanwhile, Pacific Copper's accounts for the year to June 30—showing accumulated losses carried forward of A\$761,474, against A\$620,512 in 1976-77. But it is stated that since June 30 corporate liquidity has been improved by the placement of 980,000 shares for A\$411,600 in addition to the injection of A\$250,000 from St. Joe. Pacific Copper shares were 54p yesterday.

Tragedy hits Vaal Reefs

NINE RESCUE teams battled in an effort to reach the men trapped underground at the Anglo American Corporation group's big Vaal Reefs gold mine in South Africa following the outbreak of a fire in a slope at the No. 8 shaft over the weekend. Of the 120 workers in the area—No. 73 level, which is 8,000 ft underground—11 died.

Attempts to reach the men were called off on Saturday because of the intense heat, dense smoke and danger of rock falls. A total of 30 men escaped from the stricken slope and 223 mine-workers were examined in hospital. Of these 14 were detained, but only three remain in hospital for treatment and their condition is not serious. The mine's total manning in principle to buy Duis-

Stewarts & Lloyds of South Africa Limited

AUDITED GROUP RESULTS FOR THE YEAR ENDED 30 SEPTEMBER 1978 AND DECLARATION OF DIVIDENDS

	Year Ended 30 September 1978 R000	Year Ended 30 September 1977 R000
Turnover	227 787	187 932
Income before tax	5 838	12 516
Taxation	1 593	3 823
Income after taxation	7 245	8 693
Less:		
Applicable to outside shareholders	928	693
Preference dividends	36	36
Earnings attributable to ordinary shareholders	6 281	7 964
Earnings per ordinary share based on weighted average number of shares 22 790 533 (1977: 22 603 886)	27.5c	35.2c
Ordinary shares in issue	22 790 533	22 790 533
Dividend per share	17.0c	17.0c
Dividend cover	1.63	2.07

The board has considered it prudent to adopt a more conservative method of accounting for foreign subsidiaries by no longer consolidating their assets and liabilities. Income from these subsidiaries will be brought to account as and when the dividends are received in South Africa. This change in the basis of accounting has reduced earnings per share by 1.3 cents. The previous year's figures have been amended in order to make them comparable with the current year's results.

Sales for the year of R227 787 000 were approximately 21% higher than for the previous year. However, income before taxation decreased by 29% due to pressure on margins. The effective tax rate decreased from 30.5% last year to 18% this year resulting in net income after taxation decreasing by 17% from R8 693 000 to R7 245 000.

Earnings per share were 27.5 cents compared with 35.2 cents for 1977. The directors have, however, decided to maintain the ordinary dividend at 17 cents per share which is 1.6 times covered by earnings.

On behalf of the Board
H. C. KUIPER Director
T. M. KING Director

DECLARATION OF DIVIDENDS

Notice is hereby given that the undermentioned dividends have been declared:

Preference dividend: A dividend of 6% per annum for the six months ending 31 December 1978 payable to the holders of six per cent first cumulative preference shares registered in the books of the company at the close of business on 15 December 1978.

Ordinary dividend No. 47: A dividend of 17 cents per share for the financial year ended 30 September 1978 payable to holders of ordinary shares registered in the books of the company at the close of business on 15 December 1978. The preference and ordinary dividends are declared in the currency of the Republic of South Africa.

In terms of the South African Income Tax Act, 1962, as amended, the dividends are subject to the deduction of non-resident shareholders' tax. The tax will be deducted at the applicable rate in the case of shareholders whose addresses in the share registers are outside the Republic of South Africa. Registers of members, including the United Kingdom Office preference share register, will be closed from 16 December to 31 December 1978 both dates inclusive.

Dividend warrants will be posted to shareholders on or about 5 January 1979.

By Order of the Board
E. A. JOHNSON
Group Secretary

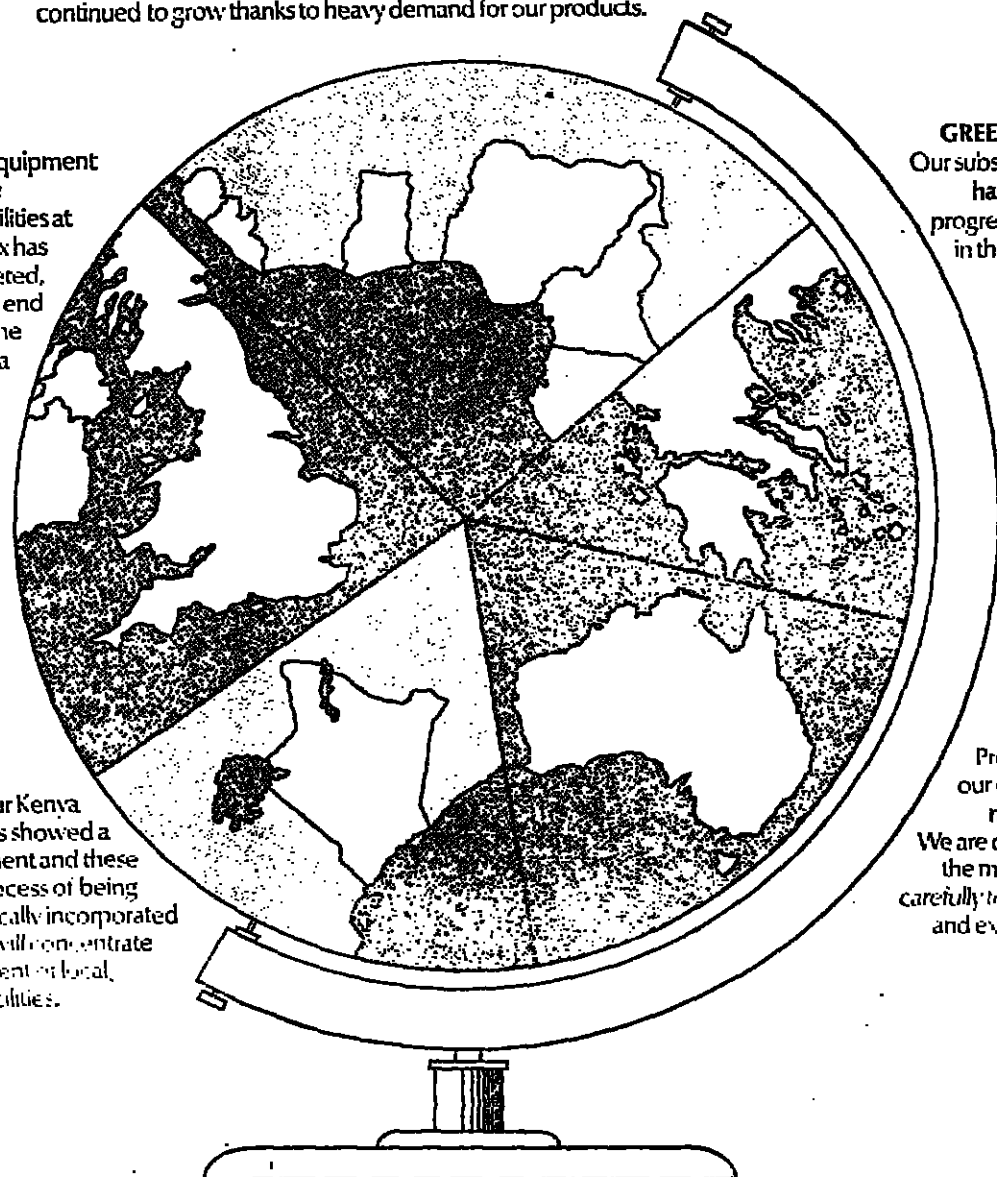
Transfer Secretaries
Rand Registrars Limited
Devonshire House
Jorissen Street
Johannesburg 2001
South Africa

United Kingdom Transfer Office
Charter Consolidated Limited
Charter House
Park Street
Ashford, Kent
England

The S+L Group

WEST AFRICA
The increase in the group's operating profit and growth in turnover have been due substantially to our West African operations. Although trading conditions have become distinctly more competitive, the volume of our business has continued to grow thanks to heavy demand for our products.

UNITED KINGDOM
The major re-equipment programme of the manufacturing facilities at Cussons and Odex has now been completed, and since the year end there have been the first indications of a move to a more satisfying return on these investments.



EAST AFRICA
Profits from our Kenya branch operations showed a further improvement and these are now in the process of being transferred to a locally incorporated company which will concentrate on the development of local manufacturing facilities.

GREECE
Our subsidiary, Minerva SA, has made satisfactory progress in its first full year in the group. The major part of the current expansion programme is expected to be completed by the middle of next year.

AUSTRALIA
The acquisition of Preservene has given our operations a sound manufacturing base. We are currently examining the market opportunities carefully to decide the nature and extent of future group development.

Paterson Zochonis

Turnover and profit growth from international trading and industrial operations

In the year ended 31st May 1978 Paterson, Zochonis & Company Limited achieved a 46% increase in turnover, which rose from £146 million in 1977 to £214 million in the year under review.

The group's profit before taxation has increased from £18,271,000 in 1977 to £19,481,000 while earnings per share have moved upwards from 53.99p to 57.32p. The total recommended dividend per share is 8.0p, as against 7.0p in 1977, and this dividend is covered over 7 times.

Prospects
"It is far too early to say how the year will turn out but shareholders should know that the pressures on margins mentioned in my statement accompanying the 1978 accounts show no signs of easing. Although returns to date indicate profits slightly in excess of those for the corresponding period of last year, if these pressures are maintained we may well see somewhat lower results for the year to 31st May 1979."

JOHN ZOCHONIS
Chairman

Paterson, Zochonis & Co. Limited, Bridgewater House,



60 Whitworth Street, Manchester M1 6LU

INTERIM RESULTS Racal profits up 25% at half-year

The Directors of Racal Electronics Limited are pleased to announce that the unaudited pre-tax net profit for the half-year ended 30th September, 1978 amounted to £24,323,000 (1977 £19,398,000) an increase of 25.4%. Taxation for the half-year is estimated at £11,411,000.

Turnover during the half-year was £99,894,000 (previous half-year £89,886,000) an increase of 11.1%.

The South African subsidiaries were sold with effect from the 1st April, 1978 and the interest earned on the disposal proceeds and the prior year's trading profit were excluded the pre-tax profit for the half-year ended 30th September, 1978 would have been £24,160,000 (previous year £18,657,000) an increase of 29.5%. The adjusted half-year's turnover for 1977 would have been £84,660,000 and the current half-year's turnover would have represented an increase of 18.0%.

In the absence of unforeseen circumstances, the profit before taxation for the year ending 31st March, 1979 will be in excess of £57,000,000 which compares with the previous year (after adjusting for South Africa) of £47,781,000.

An interim dividend of 7.6% net of tax (previous year 6.8%) will be paid on the 2nd February, 1979 to shareholders on the Register of Members on the 22nd December, 1978.

ANNUAL PROFIT BEFORE TAX

1970	£ 1,682,000
1971	£ 2,229,000
1972	£ 3,165,000
1973	£ 4,273,000
1974	£ 6,247,000
1975	£ 9,559,000
1976	£19,646,000
1977	£32,714,000
1978	£49,832,000
1979	£57,000,000

Chairman's Forecast

RACAL The Electronics Group

TACTICAL AND STRATEGIC RADIO COMMUNICATIONS • DATA COMMUNICATIONS • COMMUNICATIONS SECURITY • INSTRUMENTATION • AUTOMATIC TEST AND DIAGNOSTIC SYSTEMS • ACOUSTICS • COMPUTER AIDED DESIGN • HEALTH AND SAFETY • MAGNETIC MEDIA • MICROELECTRONICS • RECORDING.

Racal Electronics Limited, Western Road, Bracknell, Berkshire RG12 1RG, England

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Swiss fund forced to reduce dividend

By John Wicks

ZURICH, Dec. 4

OPERATIONS of Credit Suisse Fonde-Bonds, an international bond investment fund run by the Zurich bank Credit Suisse, have been severely affected by the strength of the Swiss franc.

A fall in earnings per certificate from Swfr 4.80 to Swfr 3.45 in the year ended October 31 has led to a reduction of dividend per unit from Swfr 4.80 to Swfr 3.45.

The fund's certificate price dropped from Swfr 78.50 to Swfr 68.50 over the year, down from its peak of Swfr 80.50 in late 1977.

New investments were made in D-mark, Swiss and Swiss franc bonds while holdings in Australian dollar bonds and U.S. dollar convertibles were reduced.

At the same time, the bank's international share fund Credit Suisse Fonde International, which had a 10 per cent increase in earnings from Swfr 2.10 to Swfr 2.30, is to pay a lower dividend of Swfr 1.85 against Swfr 2.10.

The issue price of certificates fell from Swfr 63.75 to Swfr 62.75 after a year marked by monetary developments and steadily improving conditions in the U.S. and Switzerland.

Share holdings were slightly reduced and liquid assets increased. The position of Swiss stock in the portfolio was raised to 40 per cent, that of Germany to 11 per cent and the Dutch share to 4 per cent.

At the same time, the U.S. stake dropped to 24 per cent and the Japanese and Canadian shares to 7 and 2 per cent respectively.

Chemical, machine, building, tobacco and oil shares were sold and the proceeds used partly for new investments in insurance and bank stock.

Period-Ricard sales up

Consolidated sales of Period-Ricard, a perfume and soft drink concern, improved to FFfr 2,963bn from FFfr 2,745bn for the first nine months of 1978.

Holding company income was FFfr 140.4m compared to FFfr 129.2m. AP-DJ reports from Paris.

GERMAN COMPANIES

Thyssen sees flat trend at home

By Jonathan Carr

BONN, Dec. 4

THYSSEN, the diversified steel group which is West Germany's largest producer, describes profits for this year ended September 30 as "insufficient" on its domestic companies where sales fell by 2.5 per cent to DM 10.2bn (\$9.9bn).

But Thyssen's newly-acquired American subsidiary, the Budd Company of Michigan, is performing well and its contribution brings total Thyssen world sales to DM 23.4bn (\$23.1bn).

A big investment programme is underway and Thyssen stresses it still sees big sales chances for its steel, provided uncompetitive divisions, somewhat again in the final quarter.

Although steel deliveries increased in quantity, steel sales were down by 1 per cent. The main exception was the special steels sector, where sales were up by 1 per cent. Crude steel production was down to 12.1m tonnes against 11.7m tonnes in 1977-78, but rolled steel production was up to 10.7m tonnes from 10m tonnes before.

Further, sales of Thyssen's railway locomotive and carriage construction division were up to DM 334m from DM 292m. But shipbuilding activity, as expected, was markedly down.

The Thyssen group order intake increased by 7 per cent to DM 20.4bn, thanks to several large individual orders for investment goods. But the latter take a long time to make their impact on sales and turnover of the Thyssen investment goods division was down by 4 per cent against 1976-77.

Thyssen's investment in 1977-78 totalled DM 1.2bn. Of that figure, DM 761m was fixed asset investment and DM 411m on the finance side, most of it for the Budd acquisition.

Current plans call for investment of more than DM 2.1bn over the next few years—mainly for modernisation, rationalisation and quality improvement.

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Degussa earnings satisfactory

By Our Own Correspondent

BONN, Dec. 4

PROFITS of Degussa, the Frankfurt-based metals and chemical business, declined in the year ended September 30, but according to the company, can still be described as satisfactory.

Last year Degussa net profits totalled DM 36m and a 17 per cent dividend was paid.

Thanks to its precious metals business, which increased both in value and quantity, Degussa parent company turnover increased by 12.7 per cent to DM 4.2bn.

Domestic sales were up by 6.5 per cent to DM 2.2bn and export sales by 20.5 per cent to DM 2bn.

However, if precious metals are excluded from these results, then Degussa parent turnover dropped by 4.3 per cent against 1976-77. This meant lower use of capacity in the chemicals division and rising unit costs which could only partly be passed on in higher prices.

Degussa group turnover, including foreign subsidiaries, increased by 13.8 per cent to DM 5.1bn. Fixed asset investment was up to DM 92m from DM 79m a year earlier, most of it in the chemicals sector.

Brown Boveri, the Mannheim-based affiliate of the Swiss electrical engineering group, expects profits for 1978 to be similar to those of last year on sales unchanged at about DM 3.8bn.

The company reported that in the first 10 months total consolidated sales had risen by 14 per cent, based on an increase of 48 per cent in foreign turnover but a drop of eight per cent at home.

Sales of plant were alone responsible for the increase. However, various unspecified delays on several big projects meant the sales result for the year as a whole would be similar to that of 1977.

Investment of around DM 180m is planned in 1979, about the same figure as this year.

Merlin Gerin plans to invest FFfr 225m in 1979 and 1980 compared with FFfr 230m in the three years up to and including 1978.

Air Liquide in talks

Societe l'Air Liquide has denied French press reports suggesting that Arab interests had purchased a block of shares at the Paris Stock Exchange. However, a company official conceded that talks for the sale of Air Liquide shares to unidentified Arab interests had failed. AP-DJ reports from Paris.

The spokesman pointed out that the company was aware of a block of shares changing hands but couldn't identify the buyers.

Merlin Gerin SA expects to increase net profit this year and to pay a dividend at least as high as last year, Reuters reports.

Optimism about further growth was based on the group's record abroad, where its subsidiaries include Golden of the UK, where sales have outstripped domestic turnover. Expansion would be concentrated in new markets such as Japan, Australia and Latin America.

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Belgian group to hold payout

By Our Own Correspondent

BRUSSELS, Dec. 4

THE DIVIDEND of Societe Generale de Belgique SA should this year not be lower than the FFfr 140 a share paid in 1977, the holding company's president, Paul-Emile Corbiaux, told the annual meeting today.

Income from the holding company's subsidiaries will show a slight rise this year thanks to the financial and service sectors. Most other sectors, especially steel and non-ferrous metals, are affected by "difficult economic conditions."

Despite the signs of recovery among Belgium's recent economic indicators, "nothing shows that Belgium is on the brink of its expected recovery or that the economy has again found a satisfactory level of activity."

As for the subsidiaries, the completion of installations for the treatment of nickel-ferrous metals at Metallurgie Hoboken-Overveke is forecast for the first half 1980.

Merlin Gerin plans to invest FFfr 225m in 1979 and 1980 compared with FFfr 230m in the three years up to and including 1978.

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Creusot-Loire plans further lay-offs

By David White

PARIS, Dec. 4

THE LIST of planned redundancies at Creusot-Loire, the loss-making steel and engineering group which belongs to the Emman-Schneider empire, passed the 1,000 mark at the weekend.

Following the recent announcement of 750 lay-offs at the company's Rive-de-Gier steelworks in the Loire district, some 400 more jobs are now expected to be shed at three other branches—metallurgy, energy and railway locomotives.

The fresh round of job reductions will be mainly carried out by early retirement, and unions have expressed fears that similar measures might be applied in other parts of the group, which employs just under 30,000 people.

At Creusot, where much of the group's activity is concentrated, a further 600 jobs would be affected if the early retirement principle were applied throughout.

Last year Creusot-Loire suffered a consolidated loss of FFfr 222m (\$50m), 10 times the previous year's figure.

By contrast, another part of the Emman-Schneider group, the heavy electrical concern Merlin-Gerin, said it expects to better its 1977 profit figure of FFfr 21m after a 14 per cent increase in turnover this year.

Sales last year were FFfr 1.8bn. M. Jean Vanjany, the chairman, said in a letter to shareholders that the FFfr 18 dividend should be at least maintained on increased capital.

Merlin-Gerin, in which Emman-Schneider has a 33.3 per cent blocking interest, is currently raising FFfr 52m by a one for four rights issue, offering new shares at FFfr 240 each. Emman-Schneider would subscribe to the increase but would not raise its direct stake, he said.

It was above all the export market which came to Merlin-Gerin's rescue. Exports last year made up 33 per cent of total turnover, compared with 22 per cent in 1973, when the company made a small profit of FFfr 4m. The launching of new products, reorganisation within the group and tighter management policies had contributed to the improved performance since 1973, M. Vanjany said.

The company was planning a FFfr 35m investment programme for the next three years, largely directed at further expansion abroad.

Nippon Electric merger

Electronic Arravs shareholders approved the merger of the company into Nippon Electric of Tokyo for about \$80m. AP-DJ reports from Mountain View.

Electronic Arravs makes large-scale integrated semiconductor circuits. Nippon Electric makes telecommunications and electronic products.

Merlin Gerin plans to invest FFfr 225m in 1979 and 1980 compared with FFfr 230m in the three years up to and including 1978.

Air Liquide in talks

Societe l'Air Liquide has denied French press reports suggesting that Arab interests had purchased a block of shares at the Paris Stock Exchange. However, a company official conceded that talks for the sale of Air Liquide shares to unidentified Arab interests had failed. AP-DJ reports from Paris.

The spokesman pointed out that the company was aware of a block of shares changing hands but couldn't identify the buyers.

Merlin Gerin SA expects to increase net profit this year and to pay a dividend at least as high as last year, Reuters reports.

Optimism about further growth was based on the group's record abroad, where its subsidiaries include Golden of the UK, where sales have outstripped domestic turnover. Expansion would be concentrated in new markets such as Japan, Australia and Latin America.

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Amsterdam Stock Exchange delays expansion plans

By Charles Batchelor

AMSTERDAM, Dec. 4

THE Amsterdam Stock Exchange will set the level of fees to be charged by the different categories of member-banks, broker-until a new scale of commission fees has been worked out. It is also thought likely to include an increase in the fees for small transactions, which at the moment frequently do not cover costs.

The aim of the expansion of trading on the official exchange is to establish the bourse firmly as the central market place for securities business, and to curb the amount of out of hours business, which is believed to be considerable.

The Stock Exchange announced that it will expand trading hours to 10.30am in November, despite the generally quiet trading conditions. Turnover of stocks and shares totalled FF 3.47bn (\$1.65bn), slightly lower than the FF 3.56bn in October but higher than the FF 3.18bn in November 1977.

Exchange has no control over how long this take. The new commission structure (\$19.2bn).

Staff expenditure this year will amount to drachmas 4.828m (\$134m) accounting for 45 per cent of total expenditure, the company points out.

The airline's pilots, flight engineers and air hostesses and stewards had been given until November 20 to accept a two-drachmas 46m (\$1.2m) this year moratorium on wage claims. Last week pilots agreed to shelve their demands for two years and works without receiving special allowances. Their action is expected to save the company and fringe benefits are mainly to blame for the situation.

Analysts oppose Volvo deal

NORWEGIAN FINANCIAL stock in Norsk Volvo AS.

The experts cannot recommend the Norwegian purchase of a 40 per cent stake in the Swedish Volvo car company because the Norwegian capital market is too small. The financial analysts' society said in a report that the capital aspect of the deal is underestimated, and the capital market could not meet the planned private subscription of Reuter.

Merlin Gerin plans to invest FFfr 225m in 1979 and 1980 compared with FFfr 230m in the three years up to and including 1978.

Air Liquide in talks

Societe l'Air Liquide has denied French press reports suggesting that Arab interests had purchased a block of shares at the Paris Stock Exchange. However, a company official conceded that talks for the sale of Air Liquide shares to unidentified Arab interests had failed. AP-DJ reports from Paris.

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INTERNATIONAL FINANCIAL AND COMPANY NEWS

Wormald and Ansul in A\$50m deal

BY JAMES FORTH

WORMALD INTERNATIONAL, the leading fire protection and security group, plans a significant move into the U.S. market with the A\$50m (U.S.\$66.8m) acquisition of the Ansul Company of Wisconsin. Wormald already owns 1.6 per cent of the shares of Ansul common stock and has reached understandings with major shareholders in favour of a merger, and who represent more than 20 per cent of the outstanding stock. Ansul heads the U.S. market in its high technology field.

The U.S. group specialises in the manufacture and sale of a broad range of high risk and high hazard fire extinguishing equipment, including nuclear

power plants, nuclear submarines, and activities related to the petroleum industry, such as protection of offshore oil rigs and liquefied natural gas plants. Ansul's current annual sales are more than U.S.\$30m with after tax net earnings of more than U.S.\$4m.

The deal was announced in the U.S. today by Mr. John W. Utz, the chairman and chief executive of Wormald, and Mr. Terrell L. Ruhlman, the president and chief executive of Ansul. They said the companies had entered into a merger agreement which had been approved by the boards of both companies. Ansul shareholders would receive the U.S. dollar equivalent of approx-

SYDNEY, Dec. 4.

NZ Forest Products downturn

By Our Own Correspondent

SYDNEY, Dec. 4.

TRADING PROFIT of NZ Forest Products plunged by 70 per cent from NZ\$13.9m to NZ\$4.1m (U.S.\$4.3m) in the first half. But the combination of a future tax benefit and a change of accounting policy to include unrealised foreign exchange gains resulted in the company declaring a net result of NZ\$7.9m or 31 per cent below the NZ\$11.5m earned in the same period of last year.

The result was after inclusion of future tax benefits of NZ\$2.2m compared with a tax provision of NZ\$2.4m in the first half to September 30—last year.

The tax benefit largely relates to incentives aimed at increasing export sales. The directors have included unrealised exchange gains of NZ\$1.6m, but because gains or losses are not realised until the loans are repaid the amount will be held in a reserve account and regarded as not available for distribution.

The directors said that sales for the half-year were down in some areas, but overall receipts were in line with budget expectations and slightly ahead of those for the first six months of last year.

Rising costs in New Zealand contributed to the lower results, as did the continuing depreciation of the U.S. dollar.

On present indications, the company said, the second half would be better than the first six months, although total profit was expected to fall short of the NZ\$20.5m earned in 1977-78.

Subject to the country's Supreme Court approving previously announced plans to convert the company's preference shares, the directors have declared an interim dividend of 7 cents a share. It is intended to pay this from the share premium account, which should be tax free in the hands of individual New Zealand residents, rather than from profits.

Improvement for Cycle and Carriage

By H. F. Lee

SINGAPORE, Dec. 4.

CYCLE AND CARRIAGE, one of Singapore's leading motor traders, lifted group pre-tax profits by 47 per cent to S\$54.9m (U.S.\$25m) in the year to September 30, while the post-tax figure was 50 per cent higher at S\$30.9m.

The sharp rise in profit came on top of a 40 per cent jump in turnover to a record S\$406m. The bulk of the increase came from Malaysia, where turnover rose by a third to S\$245m. The largest percentage growth was registered in Singapore, however, where sales rose by more than half to S\$141m.

C and C also announced a proposed one-for-two scrip issue. The company, whose main franchises are Mercedes-Benz and Mitsubishi cars has for the first time equity-accounted associate companies. Previous year's figures have been adjusted accordingly.

Growth slowed down in the second half-year compared with the first half, when profits rose by 110 per cent and turnover by 82 per cent.

The Board is recommending a final gross dividend of 20 per cent, making a total of 30 per cent against 24 per cent the previous year.

The group will also be capitalising S\$25m from reserves for the bonus issue. This will raise issued capital to S\$75m.

Guthrie transfers Malaysian plantation company to Ropel

BY WONG SULONG

KUALA LUMPUR, Dec. 4.

GUTHRIE CORPORATION has announced the second phase of its Malaysiaisation plan under which it will transfer another of its plantation companies to Guthrie Ropel, the Malaysian Malayesian Incorporated company which is 60 per cent owned by Guthrie.

Under the plan, Guthrie, Kumpulan Temiang, with nearly 150,000 acres of 22,800 acres, would be transferred to Ropel. The merger of Temiang and these estates to Ropel in stages, Ropel would be effected by the end of 1980. Ropel would issue of 26,382,941 shares of one ringgit each in Ropel to Guthrie, so that by 1980, Guthrie would own the whole of the Guthrie Ropel while Guthrie says it intends to offer 10m of the new Ropel shares it would hold to Malaysian investors at 1.60 ringgit each, with a large percentage of these going to Malaysians.

For this purpose, the estates of Guthrie are being held by six companies in roughly equal proportions. Under the second phase, the Guthrie Ropel, which owns 150,000 acres of 22,800 acres, would be transferred to Ropel. The merger of Temiang and these estates to Ropel in stages, Ropel would be effected by the end of 1980. Ropel would issue of 26,382,941 shares of one ringgit each in Ropel to Guthrie, so that by 1980, Guthrie would own the whole of the Guthrie Ropel while Guthrie says it intends to offer 10m of the new Ropel shares it would hold to Malaysian investors at 1.60 ringgit each, with a large percentage of these going to Malaysians.

High payout by Otis

BY JIM JONES

JOHANNESBURG, Dec. 4.

OTIS ELEVATOR, the 70 per cent-owned South African manufacturing subsidiary of United Technologies of the U.S., continues to reduce its South African exposure through high dividend declaration and, thus, its remittances overseas.

In the 14-month period to November 30, with taxed earnings of R6.1m (\$6.9m), the company has declared dividends totalling R7.5m. Earnings in the previous 12 months totalled R4.6m.

Otis's reason for this level of distribution is that the South African operation is highly liquid. But only five months ago, the newly-appointed managing director, Mr. Brian King, said that the company's liquidity through acquisition: Otis, he said, would not be using paper for African operations is highly liquid.

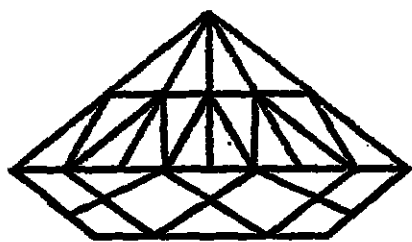
Goodyear Estates lifts profit

By Our Own Correspondent

HONG KONG, Dec. 4.

CONSOLIDATED net profit of properly developed, investment house and financier Goodyear Estates almost doubled in the year to June 30 to HK\$7.9m (U.S.\$1.6m). This finally ended a long slide which saw the company's earnings fall from HK\$19.25m in the year after its stock exchange listing in 1972 to HK\$4.4m in 1977.

All these securities having been sold, this announcement appears as a matter of record only.



GÖTABANKEN

(Incorporated in the Kingdom of Sweden with limited liability)

U.S. \$25,000,000

Floating Rate Capital Notes due 1988

S. G. Warburg & Co. Ltd.

Algemene Bank Nederland N.V.

Bank of America International Limited

Daiwa Europe N.V.

Götabanken

Kredietbank S.A. Luxembourg

Swiss Bank Corporation (Overseas) Limited

Westdeutsche Landesbank Girozentrale

American Express Bank	A. E. Ames & Co. Limited	Amsterdam-Rotterdam Bank N.V.	Andresens Bank A.S.
Arnhold and S. Bleichroeder, Inc.	Bache Halsey Stuart Shields Incorporated	Banca Commerciale Italiana	
Banca Nazionale del Lavoro	Banco di Roma	Bank Julius Baer International Limited	
Bank Gutzwiller, Kurz, Bungenzer (Overseas) Limited	Bank of Helsinki Ltd.	Bank Len International Ltd.	
Bank Mees & Hope NV	The Bank of Tokyo (Holland) N.V.	Bankers Trust International Limited	
Banque Bruxelles Lambert S.A.	Banque Française du Commerce Extérieur	Banque de l'Indochine et de Suez	
Banque Internationale à Luxembourg S.A.	Banque Nationale de Paris	Banque de Neufize, Schlumberger, Mallet	
Banque de Paris et des Pays-Bas	Banque Populaire Suisse SA	Banque de l'Union Européenne	
Banque Worms	Baring Brothers & Co., Limited	H. Albert de Bary & Co. N.V.	Bayerische Landesbank
Bayerische Vereinsbank	Berger Bank	Berliner Bank	Berliner Handels- und Frankfurter Bank
Blyth Eastman Dillon & Co. International Limited	Caisse des Dépôts et Consignations	Centrale Rabobank	
Charterhouse Japhet Limited	Chase Manhattan Limited	Chemical Bank International Group	Christiania Bank og Kreditkasse
Citicorp International Group	Commerzbank	Compagnie de Banque et d'Investissements	
Compagnie Monégasque de Banque	Continental Illinois Limited	Copenhagen Handelsbank	
County Bank	Crédit Agricole	Crédit Commercial de France	Crédit Industriel et Commercial
Crédit Lyonnais	Credit Suisse First Boston Limited	Creditanstalt-Bankverein	Credito Italiano
Richard Daus & Co. Bankiers	Den Danske Bank at 1871 Aktieselskab	Den norske Creditbank	Deutsche Girozentrale
Deutsch-Scandinavisches Bank AG	DG BANK Deutsche Genossenschaftsbank	Dillon, Read Overseas Corporation	—Deutsche Kommunalbank—
Dominion Securities Limited	Dresdner Bank Aktiengesellschaft	Effectenbank-Warburg Aktiengesellschaft	European Banking Company Limited
Robert Fleming & Co. Limited	Föreningsbankernas Bank	Gefina International Ltd.	
Genossenschaftliche Zentralbank AG		Antony Gibbs Holdings Ltd.	
Girozentrale und Bank der österreichischen Sparkassen		Goldman Sachs International Corp.	
Greenshields Incorporated	Hambros Bank	Handelsbank N.W. (Overseas) Limited	R. Henriques Jr. Bank
Hill Samuel & Co. Limited	E. F. Hutton International N.V.	IBJ International Limited	Istituto Bancario San Paolo di Torino
Kansallis-Osake-Pankki Limited	Kidder, Peabody International Limited	Kleinwort, Benson Limited	Kredietbank N.V.
Kuhn Loeb Lehman Brothers International	Lazard Brothers & Co., Limited	Lazard Frères et Cie	Lazard Frères & Co.
Lloyds Bank International Limited	Loeb Rhoades, Hornblower International Limited	London & Continental Bankers Limited	
Manufacturers Hanover Limited	Merrill Lynch International & Co. Limited	Samuel Montagu & Co. Limited	
Morgan Grenfell & Co. Limited	Morgan Stanley International Limited	Nesbitt, Thomson Limited	The Nikko (Luxembourg) S.A.
Nippon European Bank S.A. Limited	Nomura Europe N.V.	Norddeutsche Landesbank	Nordic Bank Limited
Orion Bank	Österreichische Länderbank	Pierson, Holding & Pierson N.V.	Pibank
Postipankki Aktiengesellschaft	Privatbanken Aktiengesellschaft	Richardson Securities of Canada (U.K.) Ltd.	Rothschild Bank AG
N. M. Rothschild & Sons Limited	Salomon Brothers International Limited	Sanwa Bank (Underwriters) Limited	
Scandinavian Bank Limited	J. Henry Schroder Wagg & Co. Limited	Skandinaviska Enskilda Banken	
Smith Barney, Harris Upham & Co. Incorporated	Société Bancaire Barclays (Suisse) S.A.	Société Centrale de Banque	
Société Générale	Société Générale de Banque S.A.	Sparbankernas Bank	Strauss, Turnbull & Co.
Sumitomo Finance International	Sundsvallsbanken	Svenska Handelsbanken	
Trade Development Bank, London Branch	Union Bank of Finland Ltd.	Veirens- und Westbank Aktiengesellschaft	
J. Vontobel & Co.	M. M. Warburg-Brinckmann, Wirtz & Co. Incorporated	Warburg Paribas Becker Incorporated	
Williams, Glyn & Co.	Wood Gundy Limited	Yamaichi International (Nederland) N.V.	

This announcement appears as a matter of record only



THE HASHEMITE KINGDOM OF JORDAN

U.S. \$40,000,000

Project Related Medium Term Loan

Managed by

Arab African International Bank—Cairo

Arab International Bank—Cairo

BankAmerica International Group

Chase Merchant Banking Group

European Arab Bank

Midland Bank Limited

National Westminster Bank Limited

Provided by

Bank of America NT&SA

The Chase Manhattan Bank, N.A.

European Arab Bank

Midland Bank Limited

International Westminster Bank Limited

Arab African International Bank—Cairo

Arab International Bank—Cairo

Arab Malaysian Development Bank

Bank of Montreal

Arab Bank Ltd. Beirut

UBAF Bank Limited

Burgin Bank S.A.K.—Kuwait

Arab Bank for Investment and Foreign Trade

Allied Arab Bank Limited

Banque Intercontinentale Arabe

Banque Canadienne Nationale

International Trade and Investment Bank S.A. I.T.I.B.

First Pennsylvania Bank N.A.

Luxembourg

Kuwait Foreign Trading Contracting and Investment Co. (S.A.K.)

Libyan Arab Foreign Bank

Societe Centrale de Banque

The Sumitomo Bank, Limited

UBAN—Arab Japanese Finance Limited

Union de Banques Arabes et Françaises—U.B.A.F.



arab african international bank

(Cairo)

November, 1978.

Davy Corporation Limited

has acquired

The McKee Corporation

The undersigned acted as financial advisor to The McKee Corporation in this transaction.

MORGAN STANLEY & CO.

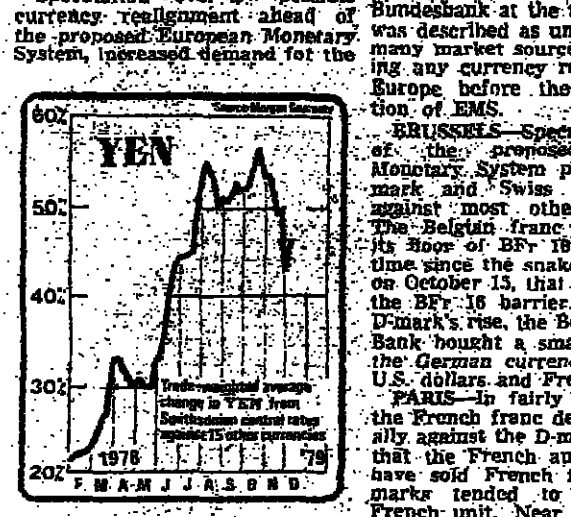
Incorporated

November 29, 1978

Currency, Money and Gold Markets

Dollar weak

The U.S. dollar fell to a 10-month low of 2.25 against the pound sterling on Tuesday, as the market reacted to the announcement that the Federal Reserve would not raise interest rates. The dollar's decline was also influenced by speculation that the Federal Reserve might soon announce a reduction in its target range for the federal funds rate.



Stronger currencies at the expense of the dollar were the main theme of the foreign exchange market on Tuesday. The dollar fell against most major currencies, including the pound, the Swiss franc, and the German mark.

Using Morgan Guaranty figures at noon in New York, the dollar's trade-weighted average depreciation against the major currencies was 1.1 per cent from 77 per cent. On Bank of England figures its index fell from 85.7 to 85.2.

Sterling opened at \$1.9420, \$1.9490 and fell on the firmness of the dollar to \$1.9380 before noon. Recovering to \$1.9400 in the early afternoon, the pound continued to improve and touched \$1.9460 before closing at \$1.9445-1.9455, a rise of 10 points from Friday's close.

EXCHANGE CROSS RATES

Dec 4	London	U.S. Dollar	U.S. Dollar	U.S. Dollar	U.S. Dollar	U.S. Dollar	U.S. Dollar	U.S. Dollar	U.S. Dollar
Pound Sterling	1.0000	1.9445	1.9445	1.9445	1.9445	1.9445	1.9445	1.9445	1.9445
U.S. Dollar	0.5144	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Deutsche Mark	2.3636	0.4230	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Japanese Yen	163.26	0.0061	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
French Franc	6.5596	0.1534	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Swiss Franc	2.0361	0.4911	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Dutch Guilder	3.7603	0.2660	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Italian Lira	2036.27	0.0005	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Canadian Dollar	0.7136	1.4013	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Belgian Franc	36.3636	0.0275	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000

The following annual rates were quoted for London dollar certificates of deposit: one month 10.50 per cent, three months 11.50 per cent, six months 12.50 per cent, one year 13.50 per cent.

Long-term forward rates: two years 10.50 per cent, three years 11.50 per cent, four years 12.50 per cent, five years 13.50 per cent.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two-day call for dollars and Swiss francs. Asian rates are closing rates in Singapore.

INTERNATIONAL MONEY MARKET

Paris call money cut rate

Day-to-day money fell to its 10-month low level in the European money market on Tuesday, as the market reacted to the announcement that the French government would cut its call money rate. The rate was cut from 10.50 per cent to 9.50 per cent.

Fixed period interest rates in Paris yesterday were: one-month 9.50 per cent, three-month 10.50 per cent, six-month 11.50 per cent, one-year 12.50 per cent.

BRUSSELS—Deposit rates for the Belgian franc were: one-month 8.50 per cent, three-month 9.50 per cent, six-month 10.50 per cent, one-year 11.50 per cent.

FRANKFURT—Short-term interest rates were: one-month 8.50 per cent, three-month 9.50 per cent, six-month 10.50 per cent, one-year 11.50 per cent.

On the other hand there was a small excess of Government disbursements over revenue payments to the Exchequer, while a fairly large number of net maturities of Treasury bills was also a factor in the market's favour.

In the interbank market overnight loans opened at 11.11 per cent, touched 12.11 per cent, and closed at 11.11 per cent. At mid-afternoon rates touched 12.11 per cent, but fell to 11.11 per cent at the close.

On the other hand there was a small excess of Government disbursements over revenue payments to the Exchequer, while a fairly large number of net maturities of Treasury bills was also a factor in the market's favour.

THE POUND SPOT

Dec 4	Bank	Day's Spread	Close
U.S. \$	1.9445	1.9445	1.9445
Canada \$	2.2500	2.2500	2.2500
Deutsche M	2.3636	2.3636	2.3636
French F	6.5596	6.5596	6.5596
Italian L	2036.27	2036.27	2036.27
Japanese Y	163.26	163.26	163.26
Swiss F	2.0361	2.0361	2.0361
Dutch G	3.7603	3.7603	3.7603
Belgian F	36.3636	36.3636	36.3636
Australian \$	0.7136	0.7136	0.7136
New Zealand \$	0.6900	0.6900	0.6900
South African R	1.4013	1.4013	1.4013
Portuguese Esc	200.48	200.48	200.48
Spanish P	166.67	166.67	166.67
Argentine P	100.00	100.00	100.00
Chilean P	100.00	100.00	100.00
Colombian P	100.00	100.00	100.00
Costa Rican C	100.00	100.00	100.00
Czech Koruna	100.00	100.00	100.00
Danish Kr	100.00	100.00	100.00
East German M	100.00	100.00	100.00
West German M	100.00	100.00	100.00
Greek Dr	100.00	100.00	100.00
Hong Kong \$	100.00	100.00	100.00
Indian Rupee	100.00	100.00	100.00
Indonesian Rp	100.00	100.00	100.00
Israeli Sheq	100.00	100.00	100.00
Kenyan Sh	100.00	100.00	100.00
Malaysian M	100.00	100.00	100.00
Mexican P	100.00	100.00	100.00
Norwegian Kr	100.00	100.00	100.00
Pakistani Rupee	100.00	100.00	100.00
Philippine P	100.00	100.00	100.00
Romanian Lei	100.00	100.00	100.00
Russian Rub	100.00	100.00	100.00
Saudi R	100.00	100.00	100.00
Singapore \$	100.00	100.00	100.00
Slovak Kor	100.00	100.00	100.00
Slovenian T	100.00	100.00	100.00
South Korean W	100.00	100.00	100.00
Swedish Kr	100.00	100.00	100.00
Swiss F	100.00	100.00	100.00
Taiwan \$	100.00	100.00	100.00
Thai Baht	100.00	100.00	100.00
Turkish L	100.00	100.00	100.00
U.S. \$	100.00	100.00	100.00
Uruguayan P	100.00	100.00	100.00
Vietnamese D	100.00	100.00	100.00
Yugoslav D	100.00	100.00	100.00

THE DOLLAR SPOT

Dec 4	Bank	Day's Spread	Close
U.S. \$	1.0000	1.0000	1.0000
Canada \$	0.7136	0.7136	0.7136
Deutsche M	0.4230	0.4230	0.4230
French F	0.1534	0.1534	0.1534
Italian L	0.0005	0.0005	0.0005
Japanese Y	0.0061	0.0061	0.0061
Swiss F	0.4911	0.4911	0.4911
Dutch G	0.2660	0.2660	0.2660
Belgian F	0.0275	0.0275	0.0275
Australian \$	0.7136	0.7136	0.7136
New Zealand \$	0.6900	0.6900	0.6900
South African R	1.4013	1.4013	1.4013
Portuguese Esc	200.48	200.48	200.48
Spanish P	166.67	166.67	166.67
Argentine P	100.00	100.00	100.00
Chilean P	100.00	100.00	100.00
Colombian P	100.00	100.00	100.00
Costa Rican C	100.00	100.00	100.00
Czech Koruna	100.00	100.00	100.00
Danish Kr	100.00	100.00	100.00
East German M	100.00	100.00	100.00
West German M	100.00	100.00	100.00
Greek Dr	100.00	100.00	100.00
Hong Kong \$	100.00	100.00	100.00
Indian Rupee	100.00	100.00	100.00
Indonesian Rp	100.00	100.00	100.00
Israeli Sheq	100.00	100.00	100.00
Kenyan Sh	100.00	100.00	100.00
Malaysian M	100.00	100.00	100.00
Mexican P	100.00	100.00	100.00
Norwegian Kr	100.00	100.00	100.00
Pakistani Rupee	100.00	100.00	100.00
Philippine P	100.00	100.00	100.00
Romanian Lei	100.00	100.00	100.00
Russian Rub	100.00	100.00	100.00
Saudi R	100.00	100.00	100.00
Singapore \$	100.00	100.00	100.00
Slovak Kor	100.00	100.00	100.00
Slovenian T	100.00	100.00	100.00
South Korean W	100.00	100.00	100.00
Swedish Kr	100.00	100.00	100.00
Swiss F	100.00	100.00	100.00
Taiwan \$	100.00	100.00	100.00
Thai Baht	100.00	100.00	100.00
Turkish L	100.00	100.00	100.00
U.S. \$	100.00	100.00	100.00
Uruguayan P	100.00	100.00	100.00
Vietnamese D	100.00	100.00	100.00
Yugoslav D	100.00	100.00	100.00

CURRENCY RATES

Dec 4	Bank	Day's Spread	Close
U.S. \$	1.0000	1.0000	1.0000
Canada \$	0.7136	0.7136	0.7136
Deutsche M	0.4230	0.4230	0.4230
French F	0.1534	0.1534	0.1534
Italian L	0.0005	0.0005	0.0005
Japanese Y	0.0061	0.0061	0.0061
Swiss F	0.4911	0.4911	0.4911
Dutch G	0.2660	0.2660	0.2660
Belgian F	0.0275	0.0275	0.0275
Australian \$	0.7136	0.7136	0.7136
New Zealand \$	0.6900	0.6900	0.6900
South African R	1.4013	1.4013	1.4013
Portuguese Esc	200.48	200.48	200.48
Spanish P	166.67	166.67	166.67
Argentine P	100.00	100.00	100.00
Chilean P	100.00	100.00	100.00
Colombian P	100.00	100.00	100.00
Costa Rican C	100.00	100.00	100.00
Czech Koruna	100.00	100.00	100.00
Danish Kr	100.00	100.00	100.00
East German M	100.00	100.00	100.00
West German M	100.00	100.00	100.00
Greek Dr	100.00	100.00	100.00
Hong Kong \$	100.00	100.00	100.00
Indian Rupee	100.00	100.00	100.00
Indonesian Rp	100.00	100.00	100.00
Israeli Sheq	100.00	100.00	100.00
Kenyan Sh	100.00	100.00	100.00
Malaysian M	100.00	100.00	100.00
Mexican P	100.00	100.00	100.00
Norwegian Kr	100.00	100.00	100.00
Pakistani Rupee	100.00	100.00	100.00
Philippine P	100.00	100.00	100.00
Romanian Lei	100.00	100.00	100.00
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Turkish L	100.00	100.00	100.00
U.S. \$	100.00	100.00	100.00
Uruguayan P	100.00	100.00	100.00
Vietnamese D	100.00	100.00	100.00
Yugoslav D	100.00	100.00	100.00

CURRENCY MOVEMENTS

Dec 4	Bank	Day's Spread	Close
U.S. \$	1.0000	1.0000	1.0000
Canada \$	0.7136	0.7136	0.7136
Deutsche M	0.4230	0.4230	0.4230
French F	0.1534	0.1534	0.1534
Italian L	0.0005	0.0005	0.0005
Japanese Y	0.0061	0.0061	0.0061
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Dutch G	0.2660	0.2660	0.2660
Belgian F	0.0275	0.0275	0.0275
Australian \$	0.7136	0.7136	0.7136
New Zealand \$	0.6900	0.6900	0.6900
South African R	1.4013	1.4013	1.4013
Portuguese Esc	200.48	200.48	200.48
Spanish P	166.67	166.67	166.67
Argentine P	100.00	100.00	100.00
Chilean P	100.00	100.00	100.00
Colombian P	100.00	100.00	100.00
Costa Rican C	100.00	100.00	100.00
Czech Koruna	100.00	100.00	100.00
Danish Kr	100.00	100.00	100.00
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Malaysian M	100.00	100.00	100.00
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Pakistani Rupee	100.00	100.00	100.00
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Japanese Y	0.0061	0.0061	0.0061
Swiss F	0.4911	0.4911	0.4911

Ancient and modern on the Turkish bourse

The diamond ringed money grocers of Istanbul

BY METIN MUNIR, Ankara Correspondent

THERE IS nothing of the City about Mr. Cevahir Ozden, Turkey's richest and best-known stock broker. When he talks he sounds as if he were trying to be heard on a very bad line to Katmandu. His voice rarely drops below a shout, whether he is talking to his wife holidaying in Geneva or to a customer about securities. He looks more like a film star than a broker—carefully coiffed salt and pepper hair, charming smile, soberly trendy clothes and crimson silk knit tie. His accessories include a thin gold watch and two diamond rings—one denoting marital status, the other prosperity—the trademark of self-made Turkish millionaires.

At 55 he is a picture of health and bursting with energy. Although it is only just after lunch he says he has already done business of Turkish lira 10m (about £200,000) this day. It must have been an unusually good morning.

Mr. Ozden, better known as Banker Kastelli, was born to poor parents at Kastel, a village on the Black Sea. When he was nine his family moved to Istanbul. A commercial lycée dropout, Mr. Ozden tried many jobs, including assistant to a cinema accountant, before he entered the Istanbul Bourse at 25. In 1964 he set up his own brokerage firm.

Ottoman

The bourse was established in Istanbul in 1868 during the Ottoman Empire. It had international standing and dealt in Ottoman as well as international securities and in

foreign exchange. With the fall of the Ottoman Empire and the crash of 1929 the bourse slowly lost its function as a secondary market. Although Istanbul remained the country's financial and industrial centre, in 1958 the bourse was moved to Ankara, the new capital of the republic. "That was the first blow to the bourse," Mr. Ozden exclaims.

In 1943 the bourse returned home to Istanbul. But there was little business. The bourse could no longer deal legally in foreign exchange or foreign securities. Fewer than a dozen Turkish institutions issued shares and bonds and very few investors were parting with them because they brought good returns. "You had to wait until somebody died or went bankrupt to lay your hands on them," Mr. Ozden says. The capital market was dead.

Then came the 1960 revolution which, according to Mr. Ozden, revolutionised the capital market more than anything else, although totally unintentionally. The military junta that took power issued lira 250m worth of Liberty Bonds, as they were called.

Excitement

"In the excitement of the revolution people bought bonds like crazy," Mr. Ozden recalls. "A month later the excitement died down. People wanted to get rid of their bonds at almost any price. But they couldn't because the bonds were not redeemable by the Treasury within three months. There was panic. And there was an opening for me," Mr. Ozden started

buying every Liberty Bond he could lay his hands on, most of them at 40 per cent of nominal value.

A year later something even better happened. The Government introduced, or rather imposed, Savings Bonds. Civil servants started getting a proportion of their salaries in these bonds. Starved for cash and unable to wait for interest, civil servants sold their bonds for next to nothing. A vast secondary market opened. Mr. Ozden was buying.

Fortune

He appears to have made a fortune at this time. In the mid-1960s, a Turkish banker recalls, Banker Kastelli had rooms stacked to the ceiling with Savings Bonds.

Incredible though it may seem, it would appear that in the 1960s the Turkish capital market was dominated by Banker Kastelli and two others, Banker Zeki and Banker Tahiroglu. There were and still are others who call themselves "Bankers" in the famous bourse building at Sirkeci.

The bourse is near the Galata Bridge off the Golden Horn. The marble stairs of the huge Ottoman building are worn by the shoes of countless speculators. Here work the brokers, moneylenders, and the dealers in a grey market of foreign exchange which finances about 20 per cent of Turkish imports, and a vast amount of luxury spending and capital flight by the rich.

"These are the grocers of the stock market," one real banker said. "All they need—and

often have—is a safety deposit, a telephone and a courier. All the stock prices and quotations are in their heads." Grocers or not, the development of the Turkish stock market apparently owes a lot to the initiative and acumen of people like Banker Kastelli.

In his two-room office, where 10 people are employed, from dealers in tea to Banker Kastelli says he did business equivalent to about £10m in 1977 and hopes to achieve a turnover of £30m in 1979—"if the economic and political conditions of Turkey permit." The face of the business is rapidly changing. Since 1970 a modern capital market with modern brokerage and finance corporations has begun to grow up.

Frustrated

Companies, frustrated by the scarcity and dearth of bank credits, are beginning to issue bonds and shares. An increasing number started going public. The period coincided with fast industrialisation when annual GNP growth rate averaged around 7 per cent. A genuine secondary market for securities started coming into effect.

Between 1970 and 1977 the private sector issued 1.6bn worth of bonds and 1.5bn worth of shares (worth £220m at the present exchange rate).

While the capital market was hurt by political crises and the current recession, trading in the secondary market has been brisk and bond issues this year are expected to reach 1.8bn (about £40m). The expansion of the capital market has led to the formation of modern broker-

age firms, backed by large private industrial groups. This trend is expected to continue, slowly replacing the traditional "bankers."

The best known securities and brokerage company is the Istanbul based Meban, controlled by Transtürk Holding which is among the biggest of private groups in Turkey. Its director is Mr. Mehmet Gun Calika, formerly with Merrill Lynch, Pierce, Fenner and Smith in Washington. Mr. Calika is in his early 30s. His staff's average age is 26.

In its first year of operation in 1974, Meban traded in £25m worth of securities and, in the words of Miss Safak Ozturk, the 28-year-old director in charge of companies and security issues, "established itself as the most respected security organisation in Turkey." This year Meban expects a turnover of £500m.

Meban has achieved many firsts in the Turkish capital market. The Meban Stock Price Average was the first index in Turkey. The Meban Capital Market Bulletin was another first. Meban undertook corporate bond underwriting and introduced institutional services, portfolio analysis and management.

The company played a role in obtaining a \$150m Euroloan for the state-owned Botas company for the construction of the Turkish-Iraqi pipeline.

Mr. Ozden says he is not impressed with these new companies. However, he too has set up such a brokerage firm called Menas in a plush building far from Sirkeci to direct small savings into investments and organise the stock market.

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THE JOBS COLUMN

Entrepreneurial bid to tackle unemployment

BY MICHAEL DIXON

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"YOU'VE RUINED your clothes!" 15-year-old Paul of the Young Engineer of the Year contest later this month, the Invashrew is being considered by the Department of Social Security. Whether the design will be given Government approval for use, is not yet known. But if it is approved, thereby could hang a most useful venture.

If the others' families had investigated, as Paul's father Michael Bretherton did, they would have found that the sartorial ruin did not arise from any of the usual causes of public-school boy dishevelment. What the lads' appearance was suffering from was the residue of electric arc welding.

The object that was supposed to be—and incidentally also was welded, was the "Invashrew" invalid car. Some readers may well have seen it since, having come second in a schools' competition organised by BP, it was exhibited at the Motor Show. The design uses a 1,300 cc engine to pull a low-slung wheeled body. This opens at the back enabling two people in invalid chairs to wheel themselves in and anchor side by side, one behind the controls. A third person can sit on a seat behind. In addition, to save the occupants from having to back up to the kerb so as to get out, there is a side door with a ramp so that they can park and emerge in the normal way.

Nevertheless, having to make a realistic assessment of the "Invashrew" prospects, especially if they are aged 40-plus, can be a depressing experience. Even when the managers cast as drifters from an organisation using modern technology, Mr. Bretherton finds that up to 15 per cent

can suffer a year of vain job-hunting or, at best, retraining which in practice may often mean that the recipients have merely been shifted from the "current" file of unemployment statistics to the "pending" file. But when the executives are being shed by an old technology organisation, as many as 40 per cent may have little real chance of re-entering a conventional managerial job.

Unconventional

So he and his unfortunate clients have been showing increasing interest in less conventional possibilities. "For example," he says, "when a bigish lay-off is looming—and we are still rarely without them—I'm more and more getting in touch with people in the liquidation business in search of opportunities for the less marketable people to buy themselves into self-employment."

"A typical prospect might be a small printing business, most likely with old equipment, where provided the chap does all the work himself and doesn't mind getting his hands inky and running about getting orders and delivering work, he can make some sort of way for himself. Although a business like

that might not bring in more than £5,000 to £7,000 a year, it's usually better for the person and the family concerned than drawing the dole."

"All the same, that still boils down to a person using the redundancy money he is given just to paper over the fact that there isn't another job available that would make really productive use of his managerial skills."

"That would not seem the best way for a company foreseeing redundancies on the shop-floor as well as in management, to use the money. Surely it would be better for them to tackle the unemployment problem instead of just patching over it, and do themselves a bit of potential good into the bargain, by having the foresight to put some of the money into creating new jobs? I think so, anyway, particularly when there are promising prospects around."

Which brings us back to the Invashrew invalid car. Mr. Bretherton thinks that, given approval by the Government, this invention by schoolboys could prove a fine opportunity to create extra jobs for managers and workers to develop and market the car, not to mention profits for the organisations who backed it.

Indeed, having voiced his idea to contacts on the Continent, he already has a big French chemical company interested. It is considering putting up venture capital with a view to starting an Invashrew operation close to its works as a means of furnishing alternative jobs for some of the people who will inevitably have to be reorganised out of its main activities in the future.

Clearing house

"Being English, however, I have a peculiar inbuilt desire to see this project operating in the UK before it goes overseas," Michael Bretherton adds, "or at least running here concurrently. Often, however, UK concerns seem to have so many problems that they are unable to focus on anything else. Instead of seeing both the problems and the potential, in balance."

But Invashrew is not his sole object in approaching the Jobs Column. It is merely an example, he believes, of a great many possibilities that exist for the problems of unemployment to be tackled productively, instead of temporised with bureaucratically.

"When you think of it, there must be a wealth of 'resources' at present just being left idling out there among the population. There must be people with ideas for other projects, people with the skill to work on them and manage and market them, and probably people with the interest and funds to back them, too."

"So what I say is, why can't we try to start getting something going along the lines I have indicated?"

And although the Jobs Column in its necessarily sceptical way has tried, it cannot see why not either. So we are going to have a go, with Mr. Bretherton volunteering to act as a "clearing house" for information on people with an interest in his grand design, whether as possible backers, ideas persons, or skilled workers of one sort or another.

I must admit that, since he and I are both sadly inclined to view spontaneous enterprise as something which has apparently gone out of fashion nowadays, neither of us is anticipating much from his proposal. But we are hoping that a lot of people will prove our pessimism wrong by writing to Michael B at 5, St. James's Place, London SW1A 1NP. So let's be having you!



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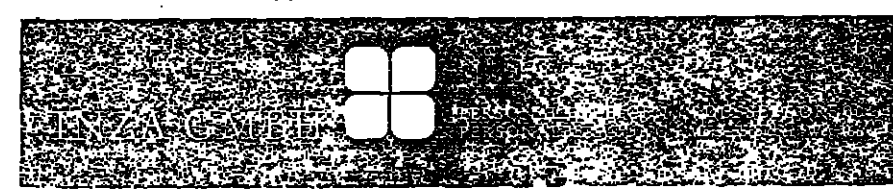
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(Established in Amsterdam) At the annual general meeting of shareholders, held on 29th November 1978, a dividend of Dfls. 4.90 per share with a nominal value of Dfls. 100 has been declared after the year 1977/78.

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Banque Internationale a Luxembourg, Luxembourg.

The Board of Managing Directors

4th December 1978.

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exercise of the option will be subject to

the terms and conditions set out in the

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option will be subject to the terms and

conditions set out in the Notice of

Conversion. The exercise of the option

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respect of the amortisation due on the 15th January 1979.

The numbers of the 7500 bonds drawn on this occasion fall within the

following group of numbers:

7,491 to 9,754

The other numbers in this group refer to bonds already purchased on the market.

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—BANCA NAZIONALE DEL LAVORO, Milan.

—CREDIT COMMERCIAL DE FRANCE, Milan branch.

—CREDITBANK SA LUXEMBOURG, Luxembourg.

Amount of bonds remaining in circulation following the amortisation of the

15th January 1979: 8,500,000 European Currency Units.

The following bonds, drawn to satisfy previous amortisations, have not yet

been presented for redemption:

Amortisation of 15th January 1977: No. 4,004.

Amortisation of 15th January 1978: 1,221 and 1,222; 1,226; 1,243; 1,250 to

1,282; 1,291; 1,297; 1,308 to 1,311; 1,493 to 1,495; 1,533 to 1,535; 1,566

to 1,569; 1,606 to 1,614; 1,619 to 1,621; 1,631; 1,672; 1,987 and 1,992;

1,998 and 1,997; 2,041; 2,047; 2,053; 2,108; 2,134 and 2,139; 2,164 and

2,165; 2,229; 2,318 to 2,320; 2,335 to 2,342; 2,371.

ANTICIPATED AMORTISATION ON THE 15th JANUARY 1979

OF ALL OUTSTANDING UNDRAWN BONDS

The company, exercising the right given to it in the issue agreement, has

decided to redeem in advance of the due date the 3,000 bonds of 1,000

European Currency Units remaining in circulation after the amortisation of the

15th January 1979, a nominal amount of £3,000,000.

The bonds, with Coupons Nos. 9 and 10 attached, will be redeemed at

1,000,212 European Currency Units per bond of 1,000 European Currency Units

from 15th January 1979 onwards, at any of the above-mentioned banks. This

sum will pay the equivalent proceeds of the reimbursement of an additional

1,000 European Currency Units, plus accrued interest, i.e. 0.212 European Currency

Unit.

CREDIT COMMERCIAL DE FRANCE, Paris

Financial Agent to the Company

TAKEDA CHEMICAL INDUSTRIES LIMITED

Shareholders' Depository Receipts representing

shares of Takeda Chemical Industries Limited

Takeda Chemical Industries Limited has

declared a dividend of Yen 575 equivalent to

Yen 57.50 per Depositary share. The

dividend will be payable with Dfls. 3.45

to 3,450,000, exclusive of 10.67% stock

bonus of 3,450,000, after deduction of 15%

CDR tax of 30.30 = Dfls. 0.62 per

shareholder of the Netherlands will be

paid after deduction of an additional

15% USA tax of 30.30 = Dfls. 0.62

per share.

AMSTERDAM DEPOSITORY COMPANY N.V.

Amsterdam,

29th November 1978.

ACCOUNTANT

BERMUDA

Salary \$16,000

tax free

Major American group require a person in age group 22-27 years, with a minimum of four years' Reinsurance Accounts experience in UK based Brokers Company or Agency.

Excellent conditions of service in most congenial surroundings.

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SENIOR FX DEALER

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27-33. Salary c £12,000 plus

bonus and fringe benefits.

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Experienced person aged 28-33,

salary c £10,000 plus bonus

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What an opportunity! With your

sense of humour and character, to

run the office administration at top

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part of this interesting, varied

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APPOINTMENTS WANTED

PROFESSIONAL MAN seeks post in

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Investment Analyst

An Investment Analyst is required to join a small team at our Chief Office in High Holborn. Ideally you should be aged 25-30 with a degree in Economics or Mathematics. A working knowledge of the investments field is necessary.

Salary will be negotiable. Annual productivity bonus. Fringe benefits include free lunches in staff restaurant, non-contributory pension scheme. Mortgage facilities and season ticket loans are available after a qualifying period.

Please write for an application form, giving brief details of your career to date to: Personnel Department (Recruitment & Training), Pearl Assurance Co. Ltd., High Holborn, London WC1V 7EB, or phone 01-405 8441.



Freeze may not hit UK farmers

By John Charnock

AGRICULTURE Correspondent

FARMERS ATTENDING the annual meeting of the National Farmers' Union at Epsom last night were given some encouragement by Mr. John Silkin, Minister of Agriculture, when he said that while the Government would not be able to prevent a freeze in the price of food, it would do its utmost to ensure that the price of food was not too high.

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Peru mine strike helps to boost copper market

By John Edwards, Commodities Editor

COPPER PRICES rose on the London Metal Exchange yesterday to the highest level since June following news of an indefinite strike by Peru's Cuzco workers and another fall in warehouse stocks. Cash wire-barclosed 28.25 up at 27.75 a tonne.

The market opened on a firm note following the higher trend in New York on Friday and a fall of 2.75 tonnes in warehouse stocks reducing total holdings to 357,300 tonnes—the lowest level since August 1975.

Further strength was added by the news of the strike by 1,800 workers at the Cuzco copper mine in Peru to back demand for higher wages and the dismissal of Peru's senior executives. Cuzco has an annual capacity of 180,000 tonnes of copper.

Meanwhile, moves to settle the long-standing strike by International Nickel of Canada workers at the company's Sudbury mine and a company representative have agreed to meet on Thursday, with a mediator provided by the Ontario Labour Ministry, to resume talks on the terms of a new contract. The strike started on September 11 and has since broken down in disagreement.

Main output at the Sudbury mine, where there are some 11,700 employees, is nickel but copper, platinum and cobalt are all produced as by-products.

Asarco announced yesterday it will resume casting copper wire-bars at its Amarillo plant in Texas in about two weeks after stopping production for seven months. It is understood that the company has now run down its surplus stocks.

There is reported to be a general shortage of good quality copper both in the U.S. and Europe, with substantial premiums being paid. This has provided a firm undertone to the market recently.

The prices lost ground, despite an unexpected fall in warehouse stocks. The stock fell by 230 tonnes wiping out the increases of the past two weeks and cutting total holdings back to 2,110 tonnes.

Values were initially higher, encouraged by the further rise in the Peking market over the weekend, but "harder" selling by the trade reversed the upward trend and touched off nervous selling. As a result cash tin closed 580 lower than Friday at 57,485 a tonne after trading at 57,850 earlier in the day.

There was a similar pattern in the lead market. There was a much bigger than expected decline in warehouse stocks, which fell by 7,000 tonnes to total holdings of 19,850 tonnes, the lowest figure since the beginning of 1975.

Values rose strongly at first, but were then hit by profit-taking and stop-loss selling. By the close, cash lead was 2,525.5 a tonne, £10.15 down from the all-time peak reached on Friday last week when values soared on fears of a supply squeeze developing.

As expected, zinc stocks showed little change rising by 25 tonnes to a total of 72,000 tonnes. Lead stocks, however, declined by 180,000 to 233,000 tonnes.

Bacon discounts under fire

By Our Commodities Staff

DISCOUNTS and dampers are threatening to disrupt and damage the British bacon market, Mr. Svend Bernsen, managing director of Ess-Food (UK), the company distributing Danish bacon in Britain, told the Irish National Pig Conference.

He also made a thinly veiled and heavily sarcastic attack on Irish exporters who have been consistently among the cheapest suppliers in the UK.

He told the Dublin conference: "We have from Ireland seen some strange price moves over the last year, and I must say, a very flexible pricing system."

The Danes, who have more than a half of the UK market and usually take the initiative in price policy for the whole bacon trade, have recently been pushing the price of bacon up and have been successful in September when the Irish cut their list price by almost £100 a tonne, opening a gap of £125 between Irish and Danish sides.

But the Danes are most critical of the "special deal" discounts offered secretly in the market by some suppliers.

"With the UK trade the way it is today the supplier who offers discounts is on a very slippery slope," Mr. Bernsen warned.

He also had a good word for some dealers but only condemnation for other suppliers who regarded the UK as a useful place for selling off surpluses.

Such supplies were often small, but they could gravely damage the market, he added.

In a perfect market discounts at first-hand level would be passed on to shoppers in retail price cuts, but there were no guarantees that this would be done or that bacon sales in general would benefit.

In his opinion discounts are only too often a poor substitute for good marketing and merely reflect the strength of the trade buyer on one side and the weakness of the supplier on the other," Mr. Bernsen said.

Doubts over coffee sales hit prices

By Our Commodities Staff

UNCERTAINTIES over the selling strategy of mild coffee producing countries were reflected in falling prices on the London terminal market yesterday.

In the absence of other factors the doubts helped to depress prices and the three months position closed at £127.50 a tonne, a loss of £23 on the day.

In Brabli the president of the Coffee Institute denied reports that action was planned in the next few days to make Brazilian coffee more competitive with supplies from Africa and Central America.

Mr. Camillo Calazans said there were a number of optional marketing strategies open to the Government but these were still under consideration by the Commerce Minister.

No coffee has yet been sold for January shipment and buyers have so far shown no interest in next year.

Reuter reported that trade sources in Rio de Janeiro expected measures shortly to make Brazilian coffee more competitive.

Minimum export registration price for January is now £160 a pound. Discounts of around 25 cents would be needed to bring this price closer to the selling rate in other coffee producing countries.

The Cameroon coffee crop this season may be 10,000 tonnes heavier than earlier estimates suggested, the national commodity board said.

Output could now reach 90,000 to 100,000 tonnes.

Japanese Agriculture Farm problems just like Europe

By Guy de Jonquieres, recently in Japan

THE VIEW from the "Bullet" high-speed train, as it travels the 250-odd miles from Tokyo to Kyoto, is mainly rugged urban and industrial sprawl, punctuated only occasionally by stretches of open countryside.

Yet in the spaces not covered by roads or buildings, almost every square foot of land appears to be under cultivation. Rice paddies, often no bigger than a suburban London garden, flourish under the shadow of factory walls, while citrus groves and tea plantations sprout in well-ordered patterns from high up on the steepest hillsides.

Because less than a fifth of Japan's surface is suitable for cultivation, there is a high premium on using even the smallest tracts of land. But though extremely intensive, agriculture is inefficiently organized.

Japan remains heavily dependent on its indigenous food supply on an irregular array of small-scale farmers whose output is both inadequate and ill-matched to the country's needs.

Much of the problem springs from the pattern of land ownership set after the second world war, when the authorities bought up large old estates and sold them in small parcels to owner-cultivators.

As a result, the average farm holding is a mere 1.1 hectares (about 2.5 acres). More than 40 per cent of farms are smaller than 0.5 hectare, and less than 10 per cent exceed 3 hectares.

By comparison, the average farm size in the EEC—hardly a paradise of agricultural efficiency—is 15 hectares and in the U.S. 157 hectares.

Soaring land prices have encouraged farmers to hang on to their holdings as an investment. But incomes from farming are modest, averaging only about 40 per cent of those in industry. Most farmers supplement their earnings through part-time or full-time jobs outside agriculture.

The system has some advantages in boom periods, arming has supplied a ready pool of relatively cheap labour for manufacturing industries. In the 1960s about 500,000 workers left the land every year to take jobs in the cities. But the process has worked in reverse.

During the recent recession significant numbers of younger people, known quaintly as "U-turn youth," returned to family farms, knowing that they were assured at least of a subsistence income.

But the costs of maintaining the system, both to the consumer and the taxpayer, are high. Its failings show through most clearly in the perennial surpluses of rice, which accounts for about one fifth of the total volume of domestic agricultural production.

The harvest during the current fiscal year, ending in April, is expected to be about 0.5m tonnes higher than demand, estimated at almost 12m tonnes. Because the rice is of the round-grain variety, for which there is little demand outside Japan, export possibilities are limited. Most of the surplus will be stored with the Government warehouses until it can be disposed of, almost certainly at a substantial loss to the taxpayer.

The major cause of this imbalance is the long-standing Government policy of purchasing unlimited quantities of rice from producers at a guaranteed price, set this year at 287,000 yen (265) per tonne. It is then resold to wholesalers at a subsidised price, almost 15 per cent below the level paid to producers.

At a conservative estimate, the rice support programme will cost the Government some 800bn yen in fiscal 1978, absorbing 90 per cent of the agricultural stabilisation budget.

The Government is trying to reduce the subsidies by fighting an uphill battle. Advances in technology and increasing mechanisation have led to steadily improved yields. While the growth of affluence has wrought changes in the eating habits of consumers, the popularity, though it is often more expensive than traditional food, and the average Japanese now consumes only three-quarters as much rice as he did in 1960.

At the same time, attempts to diversify agricultural production to satisfy new types of demand have so far met with very mixed success. With the exception of rice, vegetables, eggs and some citrus, the self-sufficiency ratio for every major category of foodstuff fell between 1960 and 1975. Japan imports a greater proportion of its total needs than any other major industrialised country.

The Government accepts that imports will remain the principal source of supply of a number of products, notably grains and feeds, in the future. Not only is Japan's agricultural land extremely restricted, but production costs are high by world standards.

Nonetheless, the Agriculture Ministry insists that efforts should continue to close the gap between supply and demand wherever possible. Though the list of items subject to quantitative import restrictions have been cut to 22 from more than 70 in 1965, the Ministry is stiffly resisting any further liberalisation.

The U.S. obtained a modest increase in beef quotas last year only after applying heavy diplomatic pressure and is still urging Japan forcefully to accept higher citrus imports. Demands by New Zealand that Japan buy more of its wool have also been flatly rejected.

The policy reflects a concern, sharply underlined by the 1973 oil crisis, about the dangers of becoming too dependent on outside suppliers for basic needs. A second, and in some ways more important reason is the extensive political influence exerted by Japanese farmers, which exceeds even that enjoyed by their European counterparts in their heyday.

The Liberal Democratic Party, which has ruled Japan without interruption for more than 20 years, is sometimes referred to as the "farmers' party." But in practice no party, even the Communists, can afford to neglect the farm vote.

This is so because Japan's parliamentary constituencies have been adjusted (fully to take account of the drift of population from the country to the cities that has taken place since the war. As a result, only a third as many electors are needed to win an election in a rural constituency as in an urban one. Officials in Tokyo point out that a number of their problems are similar in kind. If worse in degree, to those confronting governments in Europe. Certainly, it would be hard for even the most diehard supporter of the Common Agricultural Policy to claim a superior record in terms of balancing supply and demand, or open market policies.

But it is hard for the European observer to know whether to be consoled or dismayed that the Japanese, with their formidable reputation for technical ingenuity, have been no more successful than the EEC in finding workable solutions.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS			
COPPER—Closed ground on the London Metal Exchange, following news of an indefinite strike by Peru's Cuzco workers and another fall in warehouse stocks. Cash wire-bar closed 28.25 up at 27.75 a tonne.			
3 months	27.75	27.75	27.75
6 months	27.75	27.75	27.75
12 months	27.75	27.75	27.75
3 months	27.75	27.75	27.75
6 months	27.75	27.75	27.75
12 months	27.75	27.75	27.75

L.G. Index Limited 01-331 3466. Three month Copper 785.5-792.0

1. The L.G. Index is a commodity index.

2. The commodity futures market for the smaller investor.

LONDON COMMODITY CHARTS			
Daily High/Low/Close Charts with 20 day moving averages. Updated to Friday's close.			
Please send the details of your requirements to: London Commodity Charts, 28 Paton St, Cambridge - Tel: 56231			

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE OF ENGLAND Chancery Division Companies Act 1948, s. 122(1)(f) and s. 122(1)(g) of the Companies Act 1948, as amended.

NOTICE is hereby given, that a Petition for the winding up of the above-named company has been presented to the High Court of Justice by the Official Receiver, in pursuance of the said Companies Act 1948, and that the said Petition is directed to be heard by the High Court of Justice on the 12th day of January 1979, at 10 o'clock in the forenoon, at which time the said Petition will be read and the Official Receiver will state the grounds on which he claims that the company is unable to pay its debts.

Any creditor or contributory of the company who wishes to oppose the winding up of the company, or to present a petition for the winding up of the company, must do so by presenting a petition to the High Court of Justice, and must do so before the 12th day of January 1979, at 10 o'clock in the forenoon, at which time the said Petition will be read and the Official Receiver will state the grounds on which he claims that the company is unable to pay its debts.

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PRICE CHANGES

Price in ounces unless otherwise stated

Dec 4	Dec 5
Gold	1,010.00
Silver	15.00
Copper	27.75
Aluminium	1,010.00
Lead	1,010.00
Zinc	1,010.00
Nickel	1,010.00
Platinum	1,010.00
Palladium	1,010.00
Rhodium	1,010.00
Iridium	1,010.00
Osmium	1,010.00
Ruthenium	1,010.00
Technetium	1,010.00
Yttrium	1,010.00
Zirconium	1,010.00
Niobium	1,010.00
Molybdenum	1,010.00
Technetium	1,010.00
Ruthenium	1,010.00
Rhodium	1,010.00
Palladium	1,010.00
Platinum	1,010.00

COFFEE

Robusta eased this morning as the market opened on a note of caution.

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Malta acts on foot and mouth threat

By Our Own Correspondent

VALETTA, Dec. 4.

AN OUTBREAK of foot and mouth disease, the second to hit Malta, has been reported.

The outbreak, which is believed to have been brought under immediate control following the swift imposition of stringent precautionary measures by Mr. Freddie Micallef, Agriculture Minister.

Official sources confirmed today that no new cases were reported over the weekend.

Herds of cows and goats on the farm where last week's case was discovered have been destroyed while the farm was completely isolated. Herds on other farms are being immediately vaccinated to stop the disease spreading.

The spectre of another foot and mouth outbreak is particularly disconcerting to both farmers and the Government in view of the raging epidemic of African swine fever which since last March has killed nearly 70,000 pigs.

Official sources confirmed today that no new cases were reported over the weekend.

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OFFSHORE AND OVERSEAS FUNDS

[illegible]

NAY No. 14. "Equivalent SUM8535
Next sale Nov. 30.

Worldwide Gds Pkq. SUSTDA9 [x]E7J —

NOTES

Policies do not include \$ premiums, except where indicated; & are in place unless otherwise indicated. Yields to policy in last column allow for all known expenses. A offered price includes all expenses. B 70-day's price of U.S. assets. Y yield based on offer price. E Estimated. T Single day offering price. D Discounting fee of C.R. assets. F Funding premium on interest plans. S Sixty-day premium insurance. M Monthly premium plan. Includes all expenses except agent's commission. * Offered price includes all expenses if bought through managers. † Previous day's price. ‡ Net of tax on realized capital gains units included. § Germany price. S Surplus.
• Yield before Jersey tax. X Re-subscription.

FINANCE, LAND—Continue[illegible]

375	Selection Trust	4400		1905	1.9
158	Sentinel 400	160		1840	1.9
29	Sherratt 250	54	-1	1950	1.7
122	Tank Com. 50p	97	-4	0100	1.2
78	Do. Pref. 80p	72	0	0900	0.9
230	Total Cons. L&R	1100		0100	1.3
136	Union Carb. 250	140		1030	1.3
40	Union Corp. 6.50c	215		1070	1.6
	Veget. 25c	58	-2	1070	1.0

DIAMONDS AND PLATINUM

130	Anglo-Am. Inv. Soc.	1340		0600	1.1
285	Do. Beers 57c	202		0530	2.3
29	Do. 40c P.F. AS	140		0530	2.3
54	De Beers 12c	170	-2	0100	0.4
70	De Beers 12c	62		0200	0.3
50	Plat. 1000	85		0800	0.7

CENTRAL AFRICAN

148	Falcon 100	148	-2	0800	7.1
139	Proten. Con. 150p	120		0800	7.1
29	Reed 250	29		0900	1.9
10	Wentz 10c	12		0900	1.9
20	Cam. Co. \$200.24	29		0900	1.9

20	Edwards	16	Phelps
21	Courland	17	Phelps
22	Doherty	18	Phelps
23	Dunbar	19	Phelps
24	Dunbar	20	Phelps
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FINANCIAL TIMES

Tuesday December 5 1978

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Thomson rejects Times talks bid

BY ALAN PIKE,
LABOUR CORRESPONDENT

LORD THOMSON of Fleet, president of Times Newspapers, yesterday rejected a print union leader's request for direct talks on the industrial relations crisis which led last week to the company suspending all its publications.

Lord Thomson, who is on a visit to Britain from the International Thomson Organisation's Canadian headquarters, said: "I have no intention of intervening in any way in the negotiations which are currently being conducted."

Mr. Joe Wade, general secretary of the National Graphical Association, whose union is refusing to meet Times Newspapers "under duress" to discuss the company's demands for agreement on industrial relations reforms and the introduction of new technology, had suggested the meeting on Friday.

"I understand that Mr. Wade has stated that he would like to talk to me. I take encouragement from this but would respectfully suggest that any such meeting should be held with the management of Times Newspapers who are directly responsible for the negotiations," said Lord Thomson.

Times Newspapers says that production of The Times, the Sunday Times and three Times supplements will remain suspended until agreement is reached with all unions on its proposals.

The first indefinite nationwide provincial newspaper strike in the history of the National Union of Journalists began yesterday.

Last night the union claimed an "overwhelming response" with more than 80 per cent of provincial journalists on strike.

The biggest provincial blackspots for the union were Birmingham, Liverpool and Manchester, where a majority of NUJ members defied the strike call.

After a long meeting journalists on the Press Association national news agency voted 86-76 to defy an executive instruction to stop work in sympathy with the provincial strikers.

In previous disputes continued supply of PA tapes has helped newspapers to maintain production using editorial executives and non-NUJ staff.

The result of the PA vote was that some NUJ members walked out and picketed the building while others continued working.

Failure of the PA chapel to give unanimous support to the executive will come as a disappointment to the union's leadership.

Mr. R. Ashton, general secretary, said he was confident the service would be "badly disrupted" and that more NUJ members would join their colleagues on strike.

The NUJ's 9,000 provincial members are seeking increases of 230 per cent. An offer worth about 9 per cent has been made by the Newspaper Society on behalf of the provincial employers, provided the Government can be persuaded to treat the journalists as a special case.

Leaders of the non-TUC affiliated Institute of Journalists are also demanding big pay increases but do not regard the NUJ strike as the appropriate strategy.

New lending facility for industry urged by TUC

By John Moore

A NEW lending facility should be created to help the institutions participate in the investment of industry without compromising the interests of depositors, the TUC has told the Wilson committee on the financial institutions.

The new lending facility, jointly funded by the insurance companies and pension funds and the government, would be under the control of a tripartite steering committee which would be able to replace existing institutional shareholdings with its own money, the TUC suggests in its latest submission to the committee headed by Sir Harold Wilson.

This would allow an institution to withdraw from a company if it needed to protect the interests of savers and depositors without threatening the interests of the company.

The TUC has also taken issue with the clearing banks, in their evidence to the committee, about the use of selective credit controls. Selective credit controls have a continuing role, argues the TUC. Without them it was possible that "an imbalanced growth of bank lending could occur."

The TUC is convinced the financial community needs to be subject to an overall Government strategy in much the same way that industry is.

Details Page 12
Editorial Comment, Page 18

BL names chief for bus and truck division

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

MR. DAVID ABELL is to be the new chairman and chief executive of BL's ailing bus and truck division, Leyland Vehicles. He moves from SP Industries, the group's specialist engineering division, where he has been managing director.

At the same time SP Industries is being split up in another re-structuring of BL's operations. The Coventry Climax forklift trucks business, Alvis, which makes military vehicles, and Self-Changing Gears, manufacturer of heavy-duty transmissions for various applications, are being added to Leyland Vehicles, which remains a limited company, to create a new entity, BL Commercial Vehicles.

This leaves the loss-making construction equipment offshoot, Averley, and Prestolite, a refrigeration and air conditioning equipment, on their own.

"Future plans for these companies—as well as the SP Industries headquarters at Melton Mowbray and the SP Computer Centre at Grantham—are currently under review," BL said.

Although there was no official comment from BL, the re-structuring may include a study of possible collaboration with other companies.

LV, the largest commercial vehicle manufacturer in the UK with a turnover this year of £450m and 28,000 employees, has been without a chief executive since Mr. Desmond Pitcher left the position in July.

Since then the truck industry has been scouring for a suitable replacement and on at least two other occasions managers from non-commercial vehicle businesses seemed on the point of signing contracts to take the job.

In the City

Mr. Abell is 35 and joined BL as it then was in 1968, after an early career with Ford and AEL. He held the positions of Prestolite executive chairman and BL/MC Corporation Treasurer before leaving the group for a brief spell in the City in 1973.

These showed pre-tax profits of £3.1m compared with the £7.2m earned in the previous 18 months.

The group's share price fell 6p to 133p on yesterday's news, which included profit figures for the year ending June 30, 1978.

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At the same time Sir John Hunter, chairman and Lord Howick, non-executive director, announced yesterday that they were resigning from the board.

Sir John is one of four Swan Hunter directors receiving a total of £121,000 compensation following the termination of three service contracts, and the termination of employment of Mr. R. Gibson with Swan Hunter.

Under the terms of the reconstruction Swan Hunter will be placed into voluntary liquidation and shareholders will be offered 130p cash plus one Gosforth share for every Swan share held.

A further cash payment of up to 15p per share may be made depending on how much money is left after all Swan Hunter's outstanding liabilities have been met.

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Public borrowing within forecasts

BY MICHAEL BLANDIN

BORROWING BY the public sector so far this year is just within the level predicted in the latest official forecasts.

The public-sector borrowing requirement in the first six months of the financial year was £3.9bn, on a seasonally-adjusted basis, according to Central Statistical Office figures.

This was just under half the £8bn forecast for the whole financial year in a supplement to the Treasury's Economic Progress Report last month.

The figure for the first half compares with an equivalent total of £2.3bn in the same period of 1977-78, when it became clear quite early that the actual borrowing needs of the public sector were falling well short of expectations.

The trend so far this year is subject to some uncertainties about the effect of seasonal adjustments, which have been changed as a result of an annual updating.

Nevertheless, with the impact of the tax cuts introduced by the Government and the reductions

in the public sector borrowing requirement, the figures are generally in line with expectations.

They do not, however, suggest that there is likely to be a repetition of last year's experience of that there will be headroom for further tax reductions.

During the latest quarter, from July to September, the public sector borrowing requirement, seasonally-adjusted, was £2.06bn. This was higher than the previous quarter's £1.94bn and more than double the £800m recorded in the second quarter of the previous financial year.

Within the total for the second quarter of the financial year the public sector borrowing requirement dropped to £2bn, compared with £2.3bn in the previous three months.

Local authorities, however, increased their borrowing to £240m compared with a repayment of £10m in the previous period. Taking these two together the general Government borrowing requirement is estimated to have been £60m higher at £2.06bn.

The public corporations again repaid debt during the three months after allowing for their net borrowing from sources other than the central Government and for their purchases of public-sector debt.

UK TODAY

Eastern and Central England and much of Scotland will have a dry day with some sunshine after early morning frost and fog clears.

Western England, Wales, South-west Scotland and Northern Ireland will become cloudy with rain spreading from the South West during the day.

Western districts will become mild with strong to gale force winds while Eastern and Northern areas have near normal temperatures.

Outlook: Rain at times in many places, but drier some bright spells. Mild in the West otherwise temperatures around normal.

From the London Weather Centre

BUSINESS CENTRES

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Monday
Y day
Monday

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Athens C 13 36 Manchester F 14 37
Bahrain C 25 27 Melbourne F 14 41
Bangkok C 26 27 Moscow F 14 41
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Continued from Page 1

EMS

Latin tag which amounted to "no" object, to doing the impossible.

The need to re-balance in distribution of economic and financial resources within the Community was heavily underlined at today's talks by Dr. Giulio Andreotti, the Italian Prime Minister.

He is also understood to have indicated that it might be difficult for Italy to stay in the EMS if Britain were not to join fully from the start, as now seems unlikely.

Sig. Andreotti appeared to have moved somewhat closer to the U.K. position on proposed exchange-rate mechanisms, which will be at the centre of the EMS, suggesting that as envisaged now these amounted to little more than an extension of the existing currency "snake" system.

Japan has a \$20bn two-way trade pact with China up to 1988 which was recently enlarged and extended to 1990. Full details of the increase have yet to be worked out.

Comparison between the agreements is difficult because of the lack of details and qualifications made by the Chinese about orders being dependent on price competitiveness and other factors.

David Housego writes: Britain has a draft agreement with China which foresees an expansion of trade to \$8-10bn between now and 1983. Mr. Eric Varley, Secretary for Industry, is due to sign this when he visits Peking early next year. He will also then give the Chinese Britain's decision over the sale of the Harrier jump jet.

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